NOMINATIONS—MAY-JUNE

HEARINGS

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

NOMINATIONS

MAY 12, 1989

GALEN J. RESER, TO BE ASSISTANT SECRETARY FOR GOVERNMENTAL AFFAIRS; PHILLIP D. BRADY, TO BE GENERAL COUNSEL; AND DAVID P. PROSPERI, TO BE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS, DOT; MICHAEL R. DARBY, TO BE UNDER SECRETARY OF COMMERCE FOR ECONOMIC AFFAIRS; AND THOMAS J. COLLAMORE, TO BE ASSISTANT SECRETARY OF COMMERCE FOR ADMINISTRATION, DEPARTMENT OF COMMERCE

JUNE 13, 1989

THOMAS J. MURRIN, TO BE DEPUTY SECRETARY OF COMMERCE, DEPARTMENT OF COMMERCE

JUNE 14, 1989

JAMES B. BUSEY, IV, TO BE ADMINISTRATOR, FAA

JUNE 15, 1989

JEFFREY N. SHANE, ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS; AND KATE L. MOORE, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, DOT

JUNE 16, 1989

RICHARD H. TRULY, TO BE ADMINISTRATOR; AND JAMES ROBERT THOMPSON, JR., TO BE DEPUTY ADMINISTRATOR, NASA

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NOMINATIONS—MAY-JUNE

FRIDAY, MAY 12, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 9:05 a.m., in room SR-253, Russell Senate Office Building, Hon. J. James Exon presiding.

Staff members assigned to this hearing: John Graykowski, staff counsel; Sheryl Washington; Becky Kojm, professional staff members; and Ruth Johnson, minority professional staff member.

OPENING STATEMENT BY SENATOR EXON

Senator EXON. The Committee will please come to order.

The first nomination under consideration this morning will be that of Galen J. Reser, to be Assistant Secretary of Transportation for Government Affairs.

The Assistant Secretary for Government Affairs is the principal person responsible for maintaining liaison with the Congress, State and local governments, and the public and private interest groups with respect to Department of Transportation programs and legislative initiatives.

For the last four years, Mr. Reser served as the Director of the State of Illinois' Washington Office; from 1979 to 1984, he served as the Director of Projects; and then Director of Legislation for Senator Charles Percy.

He received his Bachelor's of Arts Degree from Bradley University in 1973.

I am pleased to be chairing today's hearing. The challenge of assisting the Secretary and the Deputy Secretary of Transportation and working with the Congress, as well as the State and local governments, on DOT initiatives indeed requires qualified and dedicated individuals.

Mr. Brady, Mr. Reser, and Mr. Prosperi come to the Committee with very high recommendations, and I want to tell each and every one of them that I have reviewed their files, including their FBI files, and I am just delighted to be able to chair this hearing this morning. We will move along as quickly as we can toward what I predict will be ultimately confirmation, quick confirmation, of these three outstanding individuals.

Mr. Reser, we will start with you this morning.

But before I recognize you, I am pleased to see your great colleague and friend, and great friend of mine from Illinois there with

you at the table. I believe that Senator Dixon is here for the purpose of giving you an introduction this morning.

We are happy to recognize our colleague.

Senator PRESSLER. Mr. Chairman, if I could just say first, I am going to have to leave shortly to go to Banking, where we have a 9:00 hearing.

I have looked over all the candidates, and they are endorsed by such outstanding Senators that I am going to support all of them, even before Alan Dixon speaks. But he will persuade me even further.

Senator EXON. Thank you.

Senator McCain, do you have a statement?

Senator MCCAIN. No statement, Mr. Chairman.

Senator EXON. Mr. Reser, I just want to tell you that when we do get to you, I do hope that you will introduce your family. I believe we probably have the youngest attendee ever to attend one of our confirmation hearings. That's good news, and the sun is also out this morning.

Now, Mr. Sunshine, Alan Dixon, we recognize you.

STATEMENT OF HON. ALAN DIXON, U.S. SENATOR FROM ILLINOIS

Senator DIXON. Thank you very much, Mr. Chairman, and Senators Pressler and McCain. I am delighted to be here this morning to present to you a personal friend of mine, whom I hold in the highest regard, Galen Reser.

Galen is up here as the President's nominee for the office of Assistant Secretary of Transportation for Governmental Affairs, in the Transportation Department under Secretary Sam Skinner, another great Illinoisan.

I came to know Galen many years ago, when I came to the Senate and he served in the capacity of Chief Legislative Assistant to the then-senior Senator from Illinois, my good friend, Chuck Percy, who, at that time, was Chairman of the Foreign Relations Committee.

Galen did an extraordinary job for Senator Percy and is an outstanding government man. After Senator Percy left the Senate, Galen went on to serve Governor Jim Thompson, the Governor of our State, up until a few months ago as the representative here on the Hill for the State of Illinois. He did just super work for us there.

Mr. Chairman, I can attest to Galen's personal integrity, his sense of professionalism, his knowledge of the legislative process and his willingness to work with all sides. He will, in my opinion, do a truly fine job in this important position as Assistant Secretary.

I am delighted to speak on behalf of a dear friend, who is an outstanding government person.

I congratulate the President for sending us in the person of Galen Reser an outstanding man. I recommend him heartily to this Committee and to the Senate.

Thank you, Mr. Chairman.

Senator EXON. Thank you, Senator Dixon. You certainly are excused. I know what these time conflicts are like. Please take care of things over there, and we will proceed to move ahead with the gentleman from Illinois.

Mr. Reser, please proceed with any opening statement that you may have.

[The biographical sketch follows:]

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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: RESER (Last) GALEN (First) JOSEPH (Other)

   Address: 1600 Commonwealth Avenue (Current residence) 400 7th St., S.W. (Business)

   Alexandria, Va. 22301 Washington, D.C. 20590

2. Position to which nominated: Assistant Secretary for Governmental Affairs Date of nomination:

3. Date of birth: January (month) 28 (day) 1950 (year) Place of birth: Charles City, Iowa

4. Marital status: Married Full name of Spouse: Diana Gronsdahl Reser

5. Names and ages of children:

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
~~Bradley University~~	9/68-5/73	B.A.	5/73

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
1/85	1/89	State of Illinois Director-Washington Office	444 N. Capitol St., Washington, D.C.	
5/80	12/84	U.S. Senator C.H. Percy	U.S. Senate	Director of Legisla.
5/79	5/80	U.S. Senator C.H. Percy	U.S. Senate	Director of Projects
4/74	4/79	Hagerty Brothers Co.	Peoria, Illinois	Territory Manager

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

As indicated above, I served former Senator Charles H. Percy in two positions during his last term of office. As Director of Projects, I was responsible for tracking Illinois grants and in maintaining relations with state and local government officials. As Legislative Director, I had responsibility for the Senator's overall legislative program.

As Director of the State of Illinois office in Washington, I managed a staff of ten professionals. We served as the state's principal liaison to the Congress and the White House. In addition, we worked with the National Governors' Association and with other national public interest organizations.

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

1/9/89	Republican National Committee	$100.00
9/13/88	RNC/1988 Presidential Fund	50.00
8/27/88	George Bush for President Committee	50.00
8/27/88	Lynn Martin for Congress Committee	50.00
8/11/88	The 1988 Presidential Trust	100.00
7/15/88	George Bush for President Committee	50.00
4/1/88	George Bush for President	50.00
4/1/88	Harris Fawell Congressional Club	100.00
3/22/88	Illinois Republican Committee	25.00
1/31/88	Republican Party of Virginia	100.00

11/20/87	George Bush for President Committee	$50.00
11/18/87	Lynn Martin for Congress Committee	75.00
11/6/87	Friends of Jerry Weller for State Rep.	50.00
9/19/87	Citizens for Thompson	35.00
3/6/87	Friends of Jerry Weller for State Rep.	50.00
1/31/87	Fawell for Congress Committee	100.00
1/5/87	Republican Party of Virginia	50.00
9/14/86	Citizens for Thompson	$100.00
8/17/86	Citizens for Thompson	250.00
8/9/86	Citizens for James P. Philip for State Senate	250.00
3/8/86	Citizens for Thompson	500.00
3/10/85	Citizens for Percy	$ 40.00
10-16-84	Peoria County Republican Central Comm.	$100.00
8/27/84	Citizens for Percy	40.00
7/20/84	Citizens for Percy	40.00
6/14/84	Citizens for Percy	40.00
2/25/84	Citizens for Percy	35.00
10/15/83	Peoria County Republican Central Comm.	$100.00
10/7/82	Fenwick for Senate Committee	35.00

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

President and Recording Secretary, Bradley Chapter, Delta Upsilon Fraternity, Bradley University, 1971-72

President, Bradley University Inter-fraternity Council 1971

STATEMENT OF GALEN J. RESER

Mr. RESER. Thank you, Senator.

I have a five page statement which I have submitted for the record.

Senator EXON. We'll accept that, without objection.

Mr. RESER. Wonderful.

Let me just say that I do appreciate the opportunity to be here and thank you, and your colleagues, for coming out today. I realize the tremendous demands made on your schedules.

I would like to take a minute to introduce my wife, Diana, who is sitting back here in the first row, and then our young son, who is six weeks old, Wyatt Reser. Needless to say, this is a new job and a new challenge, both at work and at home.

But I am enjoying both of them immensely.

[The statement and prepared questions follow:]

STATEMENT OF GALEN J. RESER
ASSISTANT SECRETARY FOR GOVERNMENTAL AFFAIRS - DESIGNATE
U.S. DEPARTMENT OF TRANSPORTATION
BEFORE THE COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION OF THE UNITED STATES SENATE

MAY 12, 1989

Good morning. I very much appreciate the opportunity to appear before the Committee as President Bush's nominee to be the Assistant Secretary for Governmental Affairs at the Department of Transportation.

Perhaps many Members of this Committee shared my excitement on December 22, 1988 when president-elect Bush nominated Samuel K. Skinner to be the tenth Secretary of Transportation. Having worked with Mr. Skinner while I served as Director of the State of Illinois - Washington Office, I was aware of his background in the transportation field and his commitment to the development of sound transportation policies. I appreciated his and President Bush's desire to work closely with the Congress and State and local governments in an effort to generate and promote safe and efficient transportation systems for the country.

It was truly an honor for me when Secretary Skinner later asked me on behalf of the President to join his staff at the Department as Assistant Secretary for Governmental Affairs. Recognizing the significant challenges facing the country in the transportation field, I accepted the offer because I believed that my background as Legislative Director for your former colleague, Senator Charles Percy, and as the Washington Representative for a state government, provided me with the appropriate background to effectively serve the President and Secretary Skinner in this important capacity.

As you know, a massive agenda faces the Congress and the Department on the transportation front. Difficult policy decisions will need to be made in the immediate future on such issues as transportation safety, international cooperation, elimination of drug and alcohol abuse within the transportation network, enhancement of aviation security, rebuilding America's infrastructure, safe transportation of hazardous materials and others.

I am fully aware that these difficult decisions cannot be made in a vacuum. It is essential to the development of appropriate policies that departmental decisions be made through interaction with the Congress and affected state and local governments. The Secretary has directed me to maintain open lines of communication with Congress and governmental entities in our efforts. We intend to work closely with the Congress on developing the best approaches for continued development and enhancement of America's transportation systems. If confirmed, I will apply my energies and skills to that effort.

My experience working for a United States Senator provided me first and foremost with an appreciation of the difficult tasks facing Members of Congress. While this experience provided me with the skills and knowledge needed to understand and work in the legislative system, I recognize that there is much more to learn. I don't profess to know it all. I recognize fully that effective communication between the Executive and Legislative branches is essential, as is the need for bipartisan cooperation and interaction.

In developing departmental policies and programs, it is critical that we work closely with other governmental entities, particularly state and local governments. In many cases, individuals at those levels will be required to implement policy decisions made here in Washington. My background serving Governor Thompson and the citizens of Illinois has helped me to understand the need for interaction with state and local governments and to merge our collective wisdom into the best policies. Secretary Skinner and I intend to consult regularly with representatives of state and local governments in the development of departmental policies. Furthermore, as part of this effort, we intend to work closely with other departments and agencies in the Executive branch to ensure that our national transportation policies are cohesive and consistent.

At the Department, we have begun to establish the foundation for these efforts. Secretary Skinner is putting together a good team within the Office of Governmental Affairs and throughout the Department comprised of individuals who know the importance of working closely with Congress and other governmental entities. In fact, we are currently developing policy objectives by which we intend to work with Congress, states and local governments. We will do our best to achieve these goals, which include:

1) **Efficiency**. We will strive to make our activities as efficient as possible through various procedures, including among others, frequent communication and interaction at the staff level and development of internal systems for prompt and effective completion of assignments;

2) **Cooperation**. Our office will always strive to be as cooperative and accommodating as possible. It is important to me that Members of Congress, Congressional staff, and representatives of other governmental entities, recognize that they can rely on our office for accurate information;

3) **Communication**. In our attempt to provide effective service for Members of Congress, Congressional staff and others, we will strive to communicate clearly and concisely the policies and goals of the President and the Secretary;

4) **Responsiveness**. An essential element of our effectiveness is our ability to be responsive in a timely and clear manner to those who make inquiries;

5) **Consistency**. Every attempt will be made to conduct our activities in a cooperative and consistent manner;

6) **Sensitivity**. We will attempt to remain sensitive to the particular concerns of Members of Congress and other elected officials on issues affecting their states or districts, and

7) **Fairness and Ethical Behavior**. I believe our office should be known for its forthrightness and fairness. Furthermore, at the core of our activities will be a constant awareness of and adherence to the responsibilities and highest ethical standards of governmental employees.

My staff and I are by no means perfect. While we will try our best to attempt to reach high levels of performance, we realistically may not succeed in all cases. We may need your forbearance from time to time. However, I want you to know that an overriding policy is that we will always maintain an open door for any concerns you may have.

In closing, Mr. Chairman and Members of the Committee, thank you again for the opportunity to present my background and views on these issues to the Committee. I greatly appreciate your consideration of my nomination and would be pleased to answer any questions you may have at this time.

PRE-HEARING QUESTIONS FROM THE MAJORITY FOR GALEN J. RESER,
NOMINEE FOR ASSISTANT SECRETARY OF TRANSPORTATION

Philosophy and goals

QUESTION 1: During your years of experience as a Congressional staffer and director of a Washington-based state office, you have probably had an opportunity to work closely with Executive Branch agencies. With this in mind, what philosopy would you bring to the job of Assistant Secretary for Governmental Affairs?

RESPONSE:

I agree that my many years as a staff member in Congress and heading a state office dealing with Congress has shaped my philosophy for carrying out the job of Assistant Secretary for Governmental Affairs. Secretary Skinner and I have discussed the role of Assistant Secretary, and it would be my intention to commit the Department's many resources to addressing the truly critical issues that face the committees and Congress. Certainly among them are the need for a comprehensive liability approach to future oil spills, implementation of the Secretary's plans to improve international aviation security, and continuation of the effort to establish strict, no-drug policies for those holding safety-sensitive positions in transportation.

I believe that our primary task is to advance the President's agenda for transportation -- which may be at odds with the approach taken by either or both Houses -- but that, in any case, our dealings with Congress must be conducted in a straightforward, constructive manner that leads to positive results for the American public.

QUESTION 2: What steps will you take, if confirmed, to promote bipartisan participation in the development of a national transportation policy?

RESPONSE:

If confirmed, I plan to participate actively in the process that the Secretary has already initiated to produce a National Transportation Policy. He has emphasized that such a policy will not be useful as an academic exercise, but must take into account the full range of views on future policy directions expressed by the involved parties and the general public. He understands that a "partisan" policy could not provide meaningful direction, and has stessed to me that it must meet the test of bi-partisanship. I believe that the Assistant Secretary for Governmental Affairs is well situated to register and understand the policy views of both political parties, and to ensure that they are reflected in the policy development process.

QUESTION 3: If confirmed as Assistant Secretary, what legislative or policy efforts would you recommend the Secretary initiate or continue?

RESPONSE:

I certainly would not presume to establish a legislative agenda for the Secretary, but it is clear that a major legislative effort will be needed to reauthorize the Highway Grant Program in the post-interstate era, starting in 1991. Similarly, the Commerce Committee is faced with renewal of all aspects of the Airport and Airway Development Act of 1982, other than the airport grant program. The President has committed his Administration to enactment of a Comprehensive Oil Spill Liability and Compensation bill. Secretary Skinner has expressed his commitment to seeking a more constructive outcome than in the past on subsidies for Amtrak. The Coast Guard authorization is pending, including a request for a polar-class replacement icebreaker. This listing is not exhaustive, but indicates the important transportation matters facing Secretary Skinner than need legislative action.

Hazardous Materials Transportation

QUESTION 4. The previous Administration advanced legislation in the hazardous materials transportation area. However, the Department of Transportation (DOT) proposal did not address the issue of funding to assist States and localities in meeting training needs as identified in the study on hazardous materials transportation by the Congressional Office of Technology Assessment. What level of priority do you forsee DOT giving to strengthening the Hazardous Materials Transportation Act, generally, and the development of a funding source, specifically?

RESPONSE:

I know that Secretary Skinner is aware of the importance of strengthening the Hazardous Materials Transportation Act from his statements to the Commerce Committee at the time of his confirmation. He agreed that reauthorization is necessary and a high priority, including the determination of the mechanism for funding new initiatives such as training (general revenues, existing user fees, new fees). As a result, he did not adopt the previous administration's proposal from the last Congress, but instead directed his policy staff and the new head of the Research and Special Projects Administration to prepare a proposal that would directly address all of the critical issues in the area. This task is not complete and it is not practical at this time to project when the Department's proposal would be transmitted to Congress.

Senator EXON. We are really glad to have you here.

Since you have been around The Hill for a long time and know how we operate here, I would advise you that we anticipate that you will follow through with your past reputation up here, which is very high on The Hill. I want to echo the statements made by the Senator from Illinois as he introduced you.

We are delighted to have you, and I am only saying this in that with the new position that you have been nominated to, we are looking forward to working with you, and I hope that you will be as forthcoming and as understanding in your new position as you have been in your past.

There will be times when Members of the United States Senate will be contacting you about matters of special importance to them. All that we ask you to do is to be forthright, to come here and answer our questions when we have them, and respond to our telephone calls.

I say that not only to you, but, so that I will not have to repeat it, to the subsequent nominees that will shortly be before us this morning.

This is a Committee that works very closely with the Department of Transportation, and has over the years. We want to keep that good working relationship.

The U.S. Senators are forthcoming and you will work for the Secretary of Transportation, and I know that he has been very forthcoming. I have heard nothing but good comments about the Secretary from Members of this Committee.

If those things are maintained, we are going to have a working relationship where we may not always agree 100 percent on everything, but where we will be moving ahead with the affairs of Transportation and the Nation. That is what it is all about.

Do I have your assurance that you will be responsive to our questions and calls and requests for appearances before this or any of the Subcommittees of the Commerce Committee if the need arises?

Mr. RESER. Senator, you do, indeed, have my assurance.

I think that Secretary Skinner has already demonstrated in the short months that he has been Secretary that he places a very high priority on his relationships with both the Senate and the House. He is a task master. He wants results, and primarily my job, in this instance, is to make sure that we deliver them.

One of the things I learned from Senator Percy is that you can disagree without being disagreeable. I always thought that was pretty good advice, and I have tried to adhere to that.

Senator EXON. I have one or two questions on specific programs that I am sure you are familiar with.

As you know, this Committee has always, in the end, strongly supported, on a bipartisan basis, the Amtrak programs. From the hearings that we had when the Secretary was confirmed, we found a new openness from him and indeed from this administration with regard to Amtrak.

We all recognize that we have budget difficulties. However, the Amtrak system is the only national rail passenger system that we have in the United States, as opposed to other parts of the industrialized world, that invest and rely more heavily on passenger travel by rail. And are you generally committed to the proposition of

doing everything that you can to see that Amtrak remains in existence?

Mr. RESER. Well, Senator, I think, as Secretary Skinner indicated in his confirmation hearing before this Committee, and also before the Appropriations Committee, he is a realist, a political realist, and understands that there is tremendous support for Amtrak here on Capitol Hill.

He is not one to want to refight battles year in and year out where there is a clear public policy consensus. I think that we recognize there is such a consensus in this instance.

We may disagree as to the level of support that Amtrak should receive. We may disagree or perhaps have different ideas as to how Amtrak, over the years, might do a better job of privatizing or developing other means of support.

But, as I say, we are realistic as to the consensus here in Congress as to that particular operation.

Senator EXON. Mr. Reser, let me ask you about another issue that is very important to a broad spectrum of this Committee, and that has to do with Essential Air Service.

I am sure that you are familiar with that. Essential Air Service is not critically important to Chicago, Illinois, to Washington, D.C., or to the San Francisco and New York airports, but it is to other Members who represent other districts and States.

What is your overall attitude toward the Essential Air Service Program?

Mr. RESER. Well, it's called "essential" for a good reason.

There is probably not a single subject that I personally have spent more time on trying to figure out how we are going to get out of this short-term problem that we are in, in terms of funding for the 1989 Fiscal Year.

As you know, we have about a $6.5 million shortfall, and the clock is ticking. If we don't find some reprogramming or additional supplemental appropriation in the next month, really, or month and a half, we will have to proceed in shutting down the Essential Air Service System across the country.

We don't want to do that. We have signalled from Day One that we are willing to work with the Congress to recommend reprogramming possibilities.

We can not unilaterally, without Congressional approval, move funds from one account to the other. We have to have your approval for that, through the appropriations process.

Now, I do understand that Senator Byrd, the Chairman of the Senate Appropriations Committee, is very committed to finding a solution. He has assured us of that repeatedly. So I suspect that if we do get some type of dire, dire, dire supplemental bill, the fix for EAS will be in there. But the clock is ticking, and we really are getting down to the wire on that.

Senator EXON. Thank you for outlining the problems very well.

As you know, the authorizing Committee, which is this Committee, recommended an additional $6.5 million in the authorization bill. It was the appropriators that cut it down to the $25 million figure, which I was fearful at the time was unrealistic, unless we had some developments that I did not anticipate.

I would very much appreciate, without taking the time this morning, if you would advise me by letter as soon as you can what specific recommendations, in addition to those that have been made, the department would have with regard to transfer of funds.

I have been working very closely with Senator Byrd on this. I appreciated the remarks that you made in that regard. You also know that transferring money did not work out in the House of Representatives. Therefore, it falls to the United States Senate, and we want to work very closely with you on that.

If you would kindly advise us in writing as soon as possible what additional concepts or ideas you have to solve this problem in the next 30 days, I would appreciate it very much.

Mr. RESER. We'll have a letter to you by close of business today, Senator.

Senator EXON. I have one last question and then I may have some additional questions for the record. We do want to move along.

During the last administration, we had a little difficulty from time to time which finally was straightened out when Secretary Burnley came on board, to a large degree, and that was with regard to the notification of the Members of the United States Senate as to when decisions were made.

There had developed a policy that I thought was always most unfair, for notifying Congressional offices of decisions made by the department. We found, time and time again, that members of certain political parties were advised at 10:00 o'clock in the morning on a decision, and Members of the United States Senate from other political parties were not notified until 5:00 o'clock in the evening.

This will be a matter that will be, I suppose, almost directly under your control.

What is your attitude on such notification timeliness?

Mr. RESER. I think, as you will see in my statement, I tried to address that issue, Senator, by stressing that I think it is important that we work in a bipartisan fashion and that we do so fairly and in an ethical manner.

So I am not one for playing games. Let me just give you my assurance that we will strive to be fair and bipartisan in that regard.

Senator EXON. Thank you very much.

I will have further questions which you can answer for the record.

That is all I have.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I guess this is a followup. Those of us who have been around here long enough remember that during the Carter Administration the shoe was on the other foot. I remember it very well. It was a declared policy that members of the same party as the President would be notified earlier.

I do share, however, my Chairman's view that we should exercise fairness in this situation. But it was certainly not invented in 1981.

I congratulate you, Mr. Reser, as well as the other nominees. I will have to leave, so I will direct my comments to you and to the other two nominees.

I have had the opportunity of knowing all three of you in your previous incarnations.

I strongly recommend that you understand that there are some very sensitive issues about which you and your two colleagues will be cognizant. I talk about the oil spill. I'm talking about threats, terrorist threats, as far as civil aviation is concerned. Rail transportation continues to be a serious problem. Aviation in particular garners the attention automatically of the American people. We are facing problems not only with airline safety, but we are creeping toward airline reregulation, de facto reregulation, which will impose, I think, unneeded and unnecessary financial burdens on the American people. By the way, when we deregulated the airlines, we promised the people that the opposite would be true.

So, since advice is the cheapest commodity in this town, I dispense it, and say to you that there has got to be a very close working relationship between us if we are to make sure the American people are confident that the Department of Transportation, which oversees these vital functions, is working safely and efficiently and to their benefit.

I hope you will keep in mind that several times in the past, including the oil spill, the issue has not been handled as well as I think the American people had expected. I hope, now that the outstanding Secretary of Transportation, Mr. Skinner, is in place, that you will provide him with the support and loyalty that he both needs and deserves as we address these very complex issues.

Thank you very much, Mr. Chairman.

Mr. RESER. Yes, Senator.

Senator EXON. Thank you, Senator McCain.

Galen, thank you for being here this morning, and introducing your family. At least speaking for one Senator, we will be moving as aggressively as possible on this, and we are delighted that the administration is sending over the quality of individuals that it has thus far to fill these very important slots.

Assuming that you will be confirmed, which I believe you will, we look forward to working with you.

Mr. RESER. Great. Thank you very much, Senator. I appreciate that.

Senator EXON. Thank you, and you are excused.

And please do not wake up the baby as you leave.

Mr. RESER. A well-placed scream might or might not be helpful.

Senator EXON. Mr. Brady, would you please come forward now and take your position at the witness table.

The Committee will now consider the nomination of Mr. Phillip Brady, to be General Counsel of the Department of Transportation.

Mr. Brady has served in a variety of positions in government and is presently serving as a Deputy Assistant to the President.

The job of General Counsel is an exciting one and is one of tremendous responsibility. Not only does the individual serve as a counsel to Secretary Skinner, but the person must also manage a large staff of lawyers and monitor the activities of those lawyers throughout the Department of Transportation.

The department is involved in a wide range of areas, from airlines, railroads, shipping, to roads, mass transit, and, of course, the Coast Guard.

Thus, the General Counsel must gain a certain level of knowledge and expertise in each of these diverse subject areas.

I am looking forward to Mr. Brady's views on this very important matter. But first, let me welcome my great friend and colleague from California, Senator Wilson, who asked to come here to introduce Mr. Brady.

Senator Wilson, we are delighted to have you in front of the Committee this morning. I am pleased to recognize you at this time.

STATEMENT OF HON. PETE WILSON, U.S. SENATOR FROM CALIFORNIA

Senator WILSON. Thank you very much, Mr. Chairman.

The only thing that would please me more would be to still be sitting on the rostrum with you. I enjoyed my service on this Committee and share your view of the importance of this position.

I am also particularly pleased to be here this morning because of the very strong feelings that I have for my good friend, Phillip Brady, and the respect in which I hold him and the admirable job that he has done in a number of prior responsibilities.

As you point out, he is currently holding the responsibility as the Deputy Assistant to the President and Director of Cabinet Affairs at the White House. But I have known him for many, many years, and have seen him progress through increasing responsibilities, and always he has discharged them with integrity and with great energy and with high skill, high professional skill—the kind that is required, as you have indicated in your opening remarks, in this very important, new assignment as the General Counsel of the Department of Transportation.

I think the President has made a marvelous choice. Despite his youthful appearance, and, in fact, his youth, he has achieved a great deal in these past few years.

Before I go further, though, I think he might enjoy the privilege of introducing his wife, his young son, and his brother, who are here today. They are a very handsome family, and I will allow him to do that.

Mr. BRADY. Mr. Chairman, with your permission, and Senator Wilson, thank you very much.

I do appreciate the opportunity to introduce my wife, Katy Brady. This is something of a homecoming for her. Katy worked with Senator Bumpers here in the Senate for a number of years, and before that worked in the House of Representatives.

Now she is home watching three small boys, the oldest of whom is here, my son, Ryan.

Out of respect for the decorum of the Committee, we declined to bring his two younger brothers.

Also, this is my brother Chris Brady, who recently returned from the Peace Corps and is now working in Washington.

Thank you very much.

Senator EXON. Thank you.

If I could interrupt you for just a minute, Senator Wilson, I notice that Ryan is wearing his big, red jacket this morning. I think that is very well and thoughtfully done.

Mr. BRADY. We bought it last weekend, Mr. Chairman.

Senator WILSON. Now that you have made that observation, Mr. Chairman, I hesitate to state that the nominee, though a native of Pasadena, achieved his education at Notre Dame, another football power.

He then went on to Loyola University School of Law, and then plunged immediately into public life.

As I have said, I have known him for a very long time. He first appeared in public service in the Office of the Attorney General, as a Deputy Attorney General for the State of California. That is when I first met him. I was Mayor of San Diego, and he was representing the State of California on some very important litigation in the late 1970s.

We later worked together in Washington on various Department of Justice issues, including some very difficult problems in immigration reform, judicial selection, and something that I know you are very much interested in, as are all the Members of this Committee, and that is the enforcement of drug laws.

He has met with great success as an administrator, as well. He was the Regional Director of ACTION for two years.

Phil was appointed by former President Reagan to be a council member of the Administration's Conference of the United States last year. He has served as the U.S. representative in many international forums.

One of the great advantages which he brings to the department is his experience both in the Executive Branch and as a senior staff member in the Legislative Branch particularly in the areas of drug testing for transportation employees, international treaty negotiations having to do with transportation, and in contract development. He is clearly going to be able to rely upon his experience and his extensive knowledge of both the workings of the Executive Branch and the Congress to advise on the legal aspects of policy.

As a former Member of this Committee, I know how closely this panel works with the Department of Transportation. I know how important the work of the department is to the Commerce Committee, and I think that Phil will prove again, as he has in the past, very open and very helpful, to the deliberations of this Committee as well as in discharging his primary responsibility at the Department.

In short, he comes with long experience and with a record of distinct success, which has resulted in his being moved from one job to another job of increasing responsibility. I am very proud of the record that he has compiled.

As you say, he is embarking on a new responsibility that will be exciting, given the portfolio of the Department of Transportation.

It is increasing in importance. It is certainly something that will afford full range to his legal skills. But I think in terms of assisting this Committee to work with the department in the forming of policy, he is particularly well suited by his own inclination and by his long experience in both the Executive and the Legislative arenas.

So I have great pleasure in introducing him to the Committee this morning and urging with real enthusiasm that he be con-

firmed at the earliest date so that he can go over there and start doing that job.

Senator EXON. Senator Wilson, thank you very much. As usual, you articulate the case very well.

I join in your statements, and I have been very impressed with the record that I read on Mr. Brady. The thing that came through to me all the way on his material and the material that was presented to me by the FBI and others was the fact that his strongest suit seems to be, with people who know him best, that he is thoughtful and considerate and has a very interesting background in the overall matters of policies and government.

So I associate myself with your remarks.

Thank you very much.

Senator WILSON. Thank you very much, Mr. Chairman.

Senator EXON. I will say that we have missed you on this Committee very much.

Senator WILSON. Thank you, sir.

Senator EXON. Mr. Brady, would you please proceed.

[The biographical sketch follows:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Brady (Last) Phillip (First) D. (Other)

   Address: 3234 South Stafford (Current residence) 231 The Old Executive Office Building (Business)

   Arlington, Virginia 22206 Washington, D.C. 20500

2. Position to which nominated: General Counsel, DOT Date of nomination: April 6, 1989

3. Date of birth: 5/20/51 (month) (day) (year) Place of birth: Pasadena, California

4. Marital status: Married Full name of Spouse: Kathleen Louise Ryan Brady

5. Names and ages of children: Ryan Donley 5

   Conor Phillip 2

   Sean Patrick 1

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Loyola University School of Law	9/73-6/76	JD cum laude	6/76
University of Notre Dame	9/69-6/73	BA cum laude	6/73
Loyola High School	9/65-6/69	Diploma	6/69

7. Employment record — List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
		Dep. Asst. to the President		
1/89	present	and Director of Cabinet Affairs	The White House	Government
3/88	1/89	Deputy Counsel to the President	The White House	Government
		Deputy Assistant to the VP		
12/85	3/88	Office of the Vice President	The White House	Government
		Acting AAG for Legislative and		
11/84	12/85	Intergovernmental Affairs	Dept. of Justice	Government
		Associate Deputy		
2/83	11/84	Attorney General	Dept. of Justice	Government
		Director of Cong. & Public Affairs	Dept. of Justice	
6/82	2/83	Immigration & Naturalization Service	425 I Street, NW	Government
6/81	6/82	Regional Director, Region IX	211 Main Street	
		ACTION Agency	San Francisco, CA	Government

CONTINUED ON PAGE 10

8. Government experience — List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

SEE ABOVE. Also,

	Member, Council of the Administrative		
1988	present Conference of the United States	2120 L Street, NW	Government

9. Political affiliations activities: — List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

Registered Republican

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

1976-present	California State Bar Association
1976-present	American Bar Association
1976-1981	Los Angeles County Bar Association
1978-present	District of Columbia Court of Appeals
1980-present	U.S. Supreme Court
1980-1981	Federal Bar Association, Capital Hill Chapter, Member, Board of Directors

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1985	U.S. Department of Justice, Meritorious Service Award
1974-1975	Loyola Law School Scholarship Award

STATEMENT OF PHILLIP D. BRADY

Mr. BRADY. Mr. Chairman, thank you very much.

Before I begin, I would like to take a moment for the record to thank Senator Wilson very, very much for his kind introduction, particularly his reference to my youthful appearance.

Senator EXON. They didn't say anything about that in your FBI file.

Mr. BRADY. I have known Senator Wilson for a number of years, through my perhaps checkered career, and I appreciate his taking time out of a very busy schedule to introduce me to this Committee.

Mr. Chairman, I would like to associate myself with Galen Reser's remarks in thanking you and this Committee for considering our nominations today. As someone who previously served in the Legislative Branch it is a particular privilege and pleasure for me to have my nomination considered by this Committee and by the U.S. Senate.

I am deeply honored that President Bush has seen fit to nominate me to this position and, if confirmed, I look forward to representing the President and Secretary Skinner to the very, very best of my abilities.

I do wish to acknowledge at the outset my clear recognition that my training and background are not specifically in the transportation field. However, it is very much my hope and expectation that the background that I do have, the positions I have been fortunate enough to have held throughout my professional career, will serve me well in serving as the General Counsel at the Department of Transportation, if confirmed by the U.S. Senate.

In particular, I would note my experience in working with the U.S. Congress, with the U.S. Department of Justice, and in the White House, which I believe has given me a broad exposure to a wide range of legal and policy issues, which, again, I would hope would serve me well in meeting the important responsibilities of the General Counsel position.

Also, I would note to this Committee that I am very much committed to devoting whatever time is necessary to obtain as quickly

as humanly possible a thorough understanding of the relevant issues within the transportation field, working with the excellent professional staff of the General Counsel's office.

If confirmed, my priority as General Counsel will be to provide Secretary Skinner with the best legal advice and counsel possible to help him fulfill his policy objectives. Specifically, for my part, I look forward to working with Secretary Skinner and the other members of his senior management team in insuring the safety of foreign air travel, in addressing maritime and other environmental concerns, in supporting the Coast Guard's drug interdiction mission and in promoting a drug-free transportation system.

More generally, I very much support and look forward to contributing what I can to Secretary Skinner's priority, which he has identified, for the development of a National Transportation Policy.

Again, Mr. Chairman, thank you very much for the Committee's consideration of my nomination. If confirmed, I look forward to very much of an ongoing relationship with this Committee in addressing the important transportation issues facing our Nation today and in the years ahead.

Mr. Chairman, I would be delighted to answer any questions that you or the Committee might have.

[The prehearing questions follow:]

PRE-HEARING QUESTIONS FOR PHILLIP D. BRADY,
GENERAL COUNSEL-DESIGNATE OF THE DEPARTMENT OF TRANSPORTATION

QUESTION 1: What are your qualifications to be General Counsel of the Department of Transportation?

ANSWER:

Although my background and training are not specifically in the transportation field, it is my hope and expectation that the U.S. government and other positions I have been fortunate enough to have held during my professional career have prepared me to serve as General Counsel at the Department of Transportation.

Specifically, my experience in private practice, with the California Attorney General's Office, with the U.S. Congress, at the Department of Justice and in the White House has given me broad exposure to a wide range of legal and policy issues that should serve me well in meeting the important responsibilities of this position. In particular, I would note that my service as Deputy Counsel to former President Reagan provided me with an opportunity to observe first-hand the work of the General Counsels of most of the Executive Departments and, as a result, to develop an appreciation for the personal qualities which contribute to success in the position, as well as an appreciation for many of the relevant issues. Also, I would note that during my tenure with the Office of the Vice President, I worked closely with one of the principal components of DOT, the U.S. Coast Guard, with respect to its vital drug interdiction mission.

Finally, I would mention that, if confirmed, I am committed to becoming thoroughly familiar with the relevant issues within the transportation field at the earliest possible time, working with the very talented professional staff at the Department of Transportation.

QUESTION 2. What do you hope to accomplish as General Counsel? What are your goals and objectives?

RESPONSE:

If confirmed, my primary goal will be to insure that the Secretary receives the very best legal advice and counsel possible in the fulfillment of his policy objectives. With respect to specific priorities, I would expect to be guided by the priorities of the Secretary which he has identified as ensuring the safety of foreign air travel, addressing maritime and other environmental concerns, supporting the Coast Guard's drug interdiction mission and promoting a drug-free transportation system.

As a personal matter, the legal issues involved in insuring a drug-free workplace and a drug-free transportation system are of particular interest and importance to me, and I intend to devote substantial attention to their consideration.

QUESTION 3: What will be your specific duties as General Counsel?

RESPONSE:

The General Counsel of the Department of Transportation serves as the chief legal officer of the Department and is the principal legal advisor to the Secretary and to the Office of the Secretary. More specifically, the General Counsel is the final legal authority within the Department on, among other matters, questions of law, professional supervision, the drafting and review of legislative materials (in coordination with the Assistant Secretary for Governmental Affairs), the drafting and review of regulatory materials, the conduct of the Department's litigation and enforcement program, and review and final action on applications for corrections of military records of the U.S. Coast Guard. Additionally, the General Counsel serves as the Judge Advocate General under the Uniform Code of Military Justice for the U.S. Coast Guard. In carrying out these responsibilities, the General Counsel works closely with the Chief Counsels of the modal Administrations and, if confirmed, it would be my intention to convene regular meetings with the Chief Counsels to ensure the maximum degree of coordination and cooperation with respect to the legal and policy positions of the Department.

QUESTION 4: How large will your staff be? How many attorneys?

RESPONSE:

It is my understanding that the staff of the General Counsel's office numbers 91, 58 of whom are attorneys. Throughout the Department there are approximately 430 additional attorneys serving in the various modal Administrations.

Senator EXON. Thank you very much, Mr. Brady, for your statement.

I just have a very few questions that I want to ask you.

I hope that you heard the suggestion that I made to the previous witness before the Committee, the previous nominee. I would hope that you could say that you subscribe to the statements that he made in response to my question with regard to the necessary working relationship between this Committee and members of the Department of Transportation.

Mr. BRADY. Mr. Chairman, I can certainly assure you in that regard. I think my background indicates very much of a cooperative relationship with the U.S. Congress from within the Executive Branch. And, as I noted, I have previously served in the Legislative Branch and I have a great appreciation for the vital necessity of coordination and cooperation between the branches. I certainly subscribe to what you have described.

Senator EXON. I notice in reading the material submitted to me on your nomination, as you indicated in your opening remarks, you have not had extensive background in transportation-related matters.

I don't think that is necessarily a handicap, in particular in a man who is coming into the department and who will be playing a very key role in it. The fact that you have a general background in government without a lot of specific background in transportation issues might, in fact, make you more valuable over the long pull than otherwise.

But I do want to ask this question.

Do you feel that you will be able to coordinate and manage the legal and regulatory affairs of the department that I cited somewhat in my opening statement when you came to the table?

Do you think you will be able to do that effectively, despite the fact that you have not had extensive transportation-related experience?

Mr. BRADY. Mr. Chairman, I do.

In my immediate office, that is, within the Office of the Secretary of Transportation, I have seven different units, each of which has an Assistant General Counsel.

It is my plan to have very regular meetings with those individuals to forge as close a relationship as we possibly can and to, again, bring myself up to speed as quickly as possible on the various issues. I expect very much of a hands-on relationship with them and with the matters that they are handling.

Beyond that, as you know, Mr. Chairman, the majority of the lawyers in the Department of Transportation serve in the various modal administrations, and it would be my intention, if confirmed, to again convene very regular meetings with the chief counsels of

each one of those modal administrations. That would be one of my highest priorities, because I believe I have the advantage of coming in at the beginning of an administration, where we can forge the sort of cooperative relationship that can be very productive for the department and for the Secretary.

The day-to-day management of the modal administrations is, by and large, handled by the chief counsels. But, in terms of legal issues, I look forward to being actively involved with them in furthering our important transportation policies.

Senator EXON. Mr. Brady, do you view the General Counsel's position as that of a policy-maker within the Department of Transportation? How do you expect to fulfill that role as a policy-maker if, indeed, that falls in some of your responsibilities?

Mr. BRADY. Mr. Chairman, I would view myself, as General Counsel, if confirmed, as a member of Secretary Skinner's senior management team, if you will. This certainly carries with it a policy aspect.

However, as General Counsel, more specifically, I would view myself as serving as the chief legal adviser to the Secretary, to the Office of the Secretary, and to the Department of Transportation, and I would view my role within the senior management team in that context, as a lawyer, giving the best possible advice to a client, taking into account those things which need to be taken into account in forging transportation policy.

Senator EXON. I think that has been very well stated.

It always seems to me, not being a lawyer, that a lawyer, who is the legal adviser to the Secretary of Transportation and probably other secretaries in the Cabinet, has more of a dual role, though, than does a General Counsel, for example, of a life insurance company.

You are in the position of not only advising the Secretary on the legal "do's and don'ts," but also just by the position that you have outlined as a senior partner in the management team of the Secretary, you indeed are involved in policy matters either directly or indirectly.

Is that not true?

Mr. BRADY. Absolutely, Mr. Chairman. I believe that is also Secretary Skinner's view of it, just as you have described.

I have discussed the matter with him, and that is his concept of how he anticipates our relationship working and the relationship working with respect to all the members of the senior management team.

Senator EXON. Besides, the Secretary has to have someone else to blame if things go wrong.

Mr. BRADY. He didn't mention that, Mr. Chairman.

Senator EXON. Let me get down to something that I think all of us are going to be involved in in the immediate future, and you, as the General Counsel, assuming your confirmation. And I just want to say that I, for one, will be doing everything that I can to move this along speedily.

I predict also that you will be confirmed.

One of the first things that I suggest you are going to be wrestling with is the matter of drug testing and this whole, very complicated, issue.

I want to advise you that in this room yesterday, we had a rather unusual meeting of the Armed Services Committee, the Subcommittee on Personnel. I am on the Armed Services Committee. I am also on that Subcommittee.

Sitting at that table were the four personnel chiefs of the four branches of our armed services. I questioned them extensively about the drug problem.

You know, I'm very proud of what the armed forces have done in the area of elimination or near-elimination of drug use and abuse in their services.

I thought about and laid some of the groundwork to help us out in this very difficult task that we are going to be taking on.

I just first want to say that, while constitutional rights are extremely important, and while I recognize that the discipline in the military services makes it somewhat easier or more convenient to mandate certain things, when I talk about "certain things," I am talking about random drug testing.

I thought it was interesting to note that the bottom line that we learned yesterday and was attested to by all of these individuals who handle personnel for our armed services was that without random drug testing, they would not have had—and that was the bottom line—the dramatic success they had.

We had each service in here yesterday, testifying to the fact that they had no certain or definite figures on this, but each of the services was convinced that at one time there was at least some degree of illegal drug use by 25 percent or more of the members of the armed services. That was alarming.

We also had testimony yesterday that in most instances, although they do not know what it really was for sure at the beginning, it is now down to of only 1.5 percent, generally, testing positive.

We also went into the matter at my considerable questioning of how have the services overcome this legitimate concern that I think is paramount in this area, and that is that once a person tests positive, are there backup—or, what has been the protection for those that, have been found positive in drug tests when actually they have not used drugs.

Basically, they said that was a matter of the quality of the testing, the keeping track of the testing all the way through, to make sure there was no error and substitution of testing the wrong material.

I thought it was interesting to note that they said we have this down to such a fine science today that none of us has the slightest question that when we get a test back that is positive, indeed it is accurate, and we have established a unique record, even though they have allowed some checks.

We talked some, too, about constitutional rights.

I am sure that you are going to be involved with this in the very near future. Could you please tell us what your basic views are on this and how you think we should proceed.

Mr. BRADY. Mr. Chairman, I would be delighted to.

I will start off by saying that I share your view of the success that has occurred with the military. Under some estimates they say that perhaps there has been an 80 percent reduction in drug

abuse in the military services since they instituted their random drug testing policies.

My personal view and commitment is to be very actively involved in the process within the Department of Transportation and within the General Counsel's Office, if confirmed.

I also share your view that this will be a matter that will be on my plate early and for a long period of time.

As you know, we have quite a number of law suits currently pending, perhaps 20 different law suits currently pending, against the Department of Transportation with respect to the drug testing regulations that were put into effect last November by former Secretary Burnley for the transportation industry.

As a personal matter, it is always risky to predict what will ultimately happen in the court system but I was heartened by the two recent Supreme Court decisions. Whereas the Supreme Court found in both the von Raab case and in the Skinner case that drug testing is, in fact, a search, subject to judicial scrutiny under the Fourth Amendment, they also found in those cases that the compelling government interest outweighed the legitimate privacy interest that you mentioned in your comments, Mr. Chairman.

But, importantly, I think—and this, I think, goes to the heart of what you were asking—importantly, the court acknowledged that deterrence was a legitimate reason for proceeding with the drug testing. Particularly that was the case in the von Raab decision, where the government admitted that there was not substantial evidence of substantial drug abuse within the Customs Service. Yet, the Court found deterrence was a legitimate basis for proceeding with testing.

I believe that is important as a general matter when we're talking about safety-sensitive positions or security-sensitive positions, and it will be helpful down the line.

Essentially, I would leave it at that. This will be something I am going to be very actively involved in and it is a challenge that I welcome.

Senator EXON. I just believe that in the private sector, we have to make sure that the random tests are really random.

One of the major concerns that I have heard in this area from workers is the fact that they are fearful that testing might not be random and management might use this as a tool to punish or "get", if you will, individual workers.

It comes down to a situation of how are we going to make the testing random. I would suggest that possibly maybe random testing—if we had a true random test, where I, as a worker, or I, as a Member of the United States Senate, didn't know whether I would ever be tested or whether I would be tested twice in one week—that's what random is all about. If we could go to some kind of system of maybe using even Social Security numbers or something other than names in the selection process, to have some kind of protection that random was indeed random, and not selective—and I don't think that would be very tough to do—and we could carry on with some kind of proposition to make certain that our testing procedures are satisfactory and as free from error as the military, I think we would go a long way to answering some of the legitimate concerns that I have heard raised.

The facts of the matter are that this is a matter of society. From time to time, society has had to give up at least a portion of what they have as their constitutional rights or envisioned that they have as a constitutional right.

I don't believe there is anything more of a peril to our society today than the use of illegal drugs, as evidenced by the crime rate here in the Nation's Capital. It could not be more vivid.

So we are all in this together.

While constitutional rights are important, also important, I would suggest, is the marshalling of forces, which we must marshal, to overcome and stop this illegal use of drugs, which is eating away at our society, moreso than anything else that I have ever seen in my lifetime or read about in my understanding of history.

Thank you for your comments and remarks.

I am pleased to recognize Senator Burns.

Senator BURNS. Thank you, Mr. Chairman.

I'm sorry I was a little bit late this morning. Is it Friday?

Senator EXON. Yes, it's Friday. The House is out of session.

Senator BURNS. Yes, something like that.

Mr. Brady, thank you for your attendance this morning.

I was just going over a few things here, and I guess maybe my priorities might follow a little bit differently.

From the time you graduated from law school until the time you went into government service, were you in private practice?

Mr. BRADY. Yes, I was, Senator.

Senator BURNS. In California?

Mr. BRADY. Yes. I was with a California law firm for about two and a half years: Spray, Gould and Bowers.

Senator BURNS. What was your area of expertise with them?

Mr. BRADY. It was a litigation law firm, primarily defense litigation.

I had the happy experience, I guess, when I first got out of law school of going into a law firm, where I was able to immediately take a lot of depositions, do an awful lot of motion appearances and handle some trials. That is not the ordinary experience now.

Senator BURNS. So I understand, that "go-fer" thing.

I have no further questions. I was just interested in what you had done in that timespan, before you went into government service.

Mr. BRADY. Thank you.

Senator BURNS. That's all I have, Mr. Chairman.

Senator EXON. Thank you very much, Senator.

Mr. Brady, thank you. I have no further questions.

For the record, we may have some additional questions from both me and others, which we will send you in writing, and we ask you to respond as quickly as possible.

So, thank you for being here, thank you for your statements, and also thank you for not allowing Ryan to wear his green and gold jacket this morning. It would not have been good policy.

Thank you very much.

Mr. BRADY. Thank you very much, Mr. Chairman.

Senator EXON. I am now pleased to call our third nominee to the table at this time. Mr. Prosperi is here with us. I saw him earlier this morning.

I am pleased to have the Committee turn to that nomination. He has been nominated to be Assistant Secretary of Transportation for Public Affairs.

Mr. Prosperi is a native of Chicago, Illinois, another Illinois person. He is a graduate of the University of Illinois. He received his MBA from the George Washington University in 1983.

Mr. Prosperi has a considerable amount of public affairs experience. He is currently serving at the Public Affairs office in the Department of Transportation, where he has been for the last three months.

Prior to this, he handled press for the Office of the President-Elect and the Bush-Quayle Campaign.

Mr. Prosperi has also served in the Public Affairs Office of both the Department of Interior and the Department of Energy.

Other employment experience includes Government Affairs at Superior Oil Company and serving as Assistant Press Secretary at the White House for a year at the beginning of the Reagan Administration in 1981.

His experience is befitting the post, which I think is very important, especially during these times when communicating through the mass media has become such an important part of government's operation.

The Department of Transportation has many responsibilities which require effective communication and policy proposals to the public, including issues of safety and consumer awareness.

We have had quite a bit of transition in this particular post. This position became one requiring Senate confirmation about six years ago.

If he is confirmed—and I predict that he will be—Mr. Prosperi stands to become the fifth Assistant Secretary for Public Affairs confirmed by this Committee since that time.

My hope is that you will be able to get started quickly in your new post and to be able to administer a competent public affairs program.

I welcome you for any opening comments. Without objection, the full statement that you have submitted to the Committee is accepted at this time as part of the record. We invite any comments that you would care to make.

[The biographical sketch follows:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: PROSPERI (Last) DAVID (First) _____ (Other)

   Address: 3818 ALBEMARLE STREET, NW (Current residence) WASHINGTON, DC 20016

   U.S. DEPARTMENT OF TRANSPORTATION (Business) WASHINGTON, DC 20590

2. Position to which nominated: ASSISTANT SECRETARY OF TRANSPORTATION FOR PUBLIC AFFAIRS

   Date of nomination: _____

3. Date of birth: JUNE (month) 20 (day) 1953 (year)

   Place of birth: CHICAGO, IL

4. Marital status: MARRIED

   Full name of Spouse: NADINE VUCHIN PROSPERI

5. Names and ages of children: ALEXANDER P.J. PROSPERI

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
THE GEORGE WASHINGTON UNIVERSITY	9/78-6/79; 9/82-5/83	MBA	5/83
UNIVERSITY OF ILLINOIS	8/73-6/75	BS	6/75
ILLINOIS STATE UNIVERSITY	8/71-6/73	na	na

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
2/89	Present	US DEPT. OF TRANSPORTATION	WASH DC	PUBLIC AFFAIRS
11/88	1/89	OFFICE OF THE PRESIDENT_ELECT	WASH DC	PRESS
8/88	11/88	BUSH-QUAYLE '88	WASH DC	PRESS
2/85	8/88	US DEPT. OF INTERIOR	WASH DC	PUBLIC AFFAIRS
1/85	2/85	US DEPT. OF ENERGY	WASH DC	PUBLIC AFFAIRS
2/82	8/84	SUPERIOR OIL COMPANY	WASH DC	GOV'T AFFAIRS
1/81	2/82	THE WHITE HOUSE	WASH DC	PRESS

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

2/89	PRESENT	US DEPT. OF TRANSPORTATION	WASH DC	PUBLIC AFFAIRS
11/88	1/89	OFFICE OF THE PRESIDENT-ELECT	WASH DC	PRESS
2/85	8/88	US DEPT. OF INTERIOR	WASH DC	PUBLIC AFFAIRS
1/85	2/85	US DEPT. OF ENERGY	WASH DC	PUBLIC AFFAIRS
1/81	2/82	THE WHITE HOUSE	WASH DC	PRESS

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

8/88	11/88	BUSH-QUAYLE '88	WASH DC	PRESS
8/84	8/84	REPUBLICAN NATIONAL CONVENTION	DALLAS, TX	VOLUNTEER
9/79	1/81	REAGAN FOR PRESIDENT	ARLINGTON, VA	PRESS
1988	$25	D.C. REPUBLICAN PARTY	WASH, DC	
1986	$25	DON TOTTEN FOR STATE SENATE	ILLINOIS	

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

DELTA SIGMA PI BUSINESS FRATERNITY

CAPITOL HILL CLUB

SERVED AS PRESIDENT OF ALUMNI BOARD OF DIRECTORS, A PRESIDENTIAL CLASSROOM FOR YOUNG AMERICANS, 1982-83

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

OUTSTANDING INT'L BUSINESS GRADUATE STUDENT, GEORGE WASHINGTON UNIV. 1983

OUTSTANDING YOUNG MEN OF AMERICA, 1981

SECRETARY' MERITORIOUS SERVICE AWARD, US DEPT. OF INTERIOR, 1988

OUTSTANDING SENIOR, DELTA SIGMA PI BUSINESS FRATERNITY, 1975

STATEMENT OF DAVID P. PROSPERI

Mr. PROSPERI. Thank you, Mr. Chairman.

I appreciate the opportunity to be here today.

I would just like to make a couple of quick comments.

Senator McCain earlier talked about public confidence in what is done at the Department of Transportation. I believe that the Office of Public Affairs plays a very important role in determining that level of public confidence.

My philosophy in every public affairs job that I have had in the Executive Branch has been centered around three words: open, honest, and accessible.

That is the philosophy that I have passed on to every office that I have worked in. It would be the philosophy that I would hope to pass on to the Public Affairs Office at the Department of Transportation.

I think by operating under those three code words, the resulting performance I believe would give the public a great level of confidence in what the department is doing, in terms of implementing the policies and programs of this administration.

It is also a privilege to have an opportunity to work with Secretary Skinner because, again, from that perspective, he is very supportive of the idea of working with the media, being open with them, and he understands the important role they play in providing information to our society.

If confirmed, I look forward to working with him to accomplish that.

On a personal note, I would like to introduce two people. My youngest brother, John, is here today, and my son, Alexander is at home, taking care of our baby sitter. But my wife is here, and I would like to introduce her, my wife, Nadine. Just to make a note that she has probably never heard before, this is just a good opportunity today for her to be here because, hopefully, it starts to make up for all of the long nights and the weeks and weeks away from home on the two presidential campaigns, and the travels that I have had over the past three years with Secretary Hodel, where the only time she heard from me was a phone call from Senator Burns, State of Montana, or some other location like that, which, perhaps, she never heard of before.

So this is just an opportunity. I explained it to her when I got back home, though, Senator.

This is just an opportunity to say thank you to her for all of her cooperation and support.

With that, I conclude.

[The statement and prehearing questions follow:]

STATEMENT OF DAVID P. PROSPERI

Mr. Chairman, it is an honor for me to appear before you today as the President's nominee for the office of Assistant Secretary of Transportation for Public Affairs.

My first exposure to the world of public affairs was as a press aide to then-Governor Ronald Reagan in his 1980 presidential campaign, where I had an opportunity to work with Jim Brady. In my view, Jim Brady would have gone on to become one of the best White House press secretaries ever had it not been for the tragic events of March 30, 1981. Under Jim's tutelage, both in that campaign and later as Assistant Press Secretary to the President I learned not only how to work with the press,

but how important a role it plays in a free society. I believe I am here in part because of Jim's efforts, and for that I am eternally grateful.

After leaving the White House, I entered the private sector as Manager of Government Affairs for the Superior Oil Company. Since then, I have had the opportunity to serve in various public affairs capacities in the executive branch, including the position of senior press spokesman for former Secretary Don Hodel at the Energy and Interior Departments. During the 1988 Presidential campaign I was chosen as the campaign press secretary for Senator Dan Quayle in what proved to be both a challenging and enormously rewarding position.

In addition to my experience working with the press on a daily basis, my government positions have carried management responsibilities as well. I managed a staff of seven at the White House and a staff of 16 at the Interior Department. Over the years I have gained a great appreciation for the capabilities of the career public servants who serve in the various public affairs offices of our government.

Since February 1, I have served as Special Assistant for Public Affairs to Secretary Samuel Skinner. I consider it a privilege to be working with Secretary Skinner, who, in my view, has the energy, the commitment, and the desire to make our national transportation system the safest, most efficient system possible. He believes strongly in being open and accessible to the press, a view that is shared not only by me, but by the dedicated public affairs staff in the Office of the Secretary.

I have also had the chance to become involved in the many transportation issues that have a daily impact on the lives of every American; issues such as aviation security, drug interdiction, and highway safety. The Office of the Assistant Secretary for Public Affairs plays a key role not only in formulating policy but in communicating these issues to the public.

When I joined the Interior Department in early 1985, the Office of Public Affairs had gained a reputation in Washington, rightly or wrongly, as one of the most inaccessible and uncooperative public affairs offices in the federal government. My instructions to that staff, which have been the same for every public affairs office I have worked in, were to be open, honest and accessible to the press and to the public. If we did not have an answer, we would try to get one and call the reporter back. If we had an answer, we made sure it was provided promptly. If we could not, as was sometimes the case, provide an answer, we let the reporter know why.

Mr. Chairman, in my view that is how a public affairs office must be run; by being open, honest and accessible. Those of us who choose public service, no matter what level, work for the American people, and we cannot be expected to make decisions without the confidence of the public. That is why I strongly believe that it is the charge of all government officals to listen to the American people, and provide them with information so they can make decisions. For it is *we* who serve *them.*

This is the philosophy I have carried throughout my professional life, and if confirmed, I plan to carry it on to the Department of Transportation.

Thank you.

PRE-HEARING QUESTIONS FOR DAVID P. PROSPERI
ASSISTANT SECRETARY-DESIGNATE FOR PUBLIC AFFAIRS

1. How do you think your background makes you qualified to serve as Assistant Secretary of Transportation?

I began as a press aide to then-Governor Ronald Reagan in his 1980 Presidential campaign, where I traveled around the country with the candidate dealing with the national, state and local media on a daily basis. After the campaign, I served as Assistant Press Secretary to the President for the first thirteen months of the Administration. Not only was I a spokesman for the President, I was involved in the daily development and implementation of White House communications strategy. I also managed a staff of seven. As Assistant to the Secretary of the Interior and Director of Public Affairs from 1985 to mid-1988, I served as the spokesman for Secretary Don Hodel and for the Department. In addition, I was responsible for developing and implementing an overall communications policy consistent with the goals and objectives of the Administration and the Department. I left the Interior Department in August 1988 when I was asked to serve as campaign press secretary for Vice Presidential nominee Dan Quayle. I feel this background has given me a well rounded understanding of the importance of the media and makes me qualified to serve as Assistant Secretary of Transportation for Public Affairs.

2. Why do you want to be Assistant Secretary and what do you hope to accomplish?

If confirmed, I look forward to helping the Secretary to accomplish his mission of developing a national transportation policy that will not only evaluate our nation's transportation needs to the year 2020, but hopefully will serve as a vehicle to help educate the public about the importance of maintaining our nation's transportation infrastructure.

3. What will be your specific duties as Assistant Secretary?

If confirmed, I see my major responsibility as being the senior spokesman for the Secretary and the Department with the media. Other responsibilities would include planning and managing the Department's overall public affairs policy, national press relations and the overall public affairs program in conjunction with the Deputy Secretary and other senior Department officials. I also would be responsible for managing a staff of 27 in the Office of Public Affairs as well as coordinating the activities of the public affairs offices in the various modes of the Department.

4. How would you judge the existing state of public relations in the Department of Transportation? Do you have any suggestions for improving the Department's efficiency in dealing with the policy?

In terms of the Department's Office of Public Affairs, I believe it falls under the category of "If it ain't broke, don't fix it." I would say the existing state of public relations in the Department is very good, both internally and externally. Internally, the office is held in high regard by the other offices because of its effectiveness, its efficiency, and the professionalism and dedication of its staff. Externally, I have heard nothing but good comments from the reporters who cover the Department on a regular basis. The comment I hear most often from the press is that the office staff has always been open, accessible and responsive to their needs. For a public affairs office, that is the ultimate compliment, in my view.

5. What do you consider to be the top priorities of the Department of Transportation under the leadership of Secretary Skinner? What goals and objectives do you have?

I consider the top priority of the Secretary to be the development of a national transportation policy. This would involve an evaluation of our future transportation needs across all modes, not only for the next five years but to the year 2020. The Secretary also believes that the public needs to learn more about the importance of our nation's infrastructure, and that instead of building anew, we need to focus more time and effort on rebuilding and maintaining what we have currently. The Secretary also wants to address the problem of aviation capacity and the need for more airports and runways. He has put together a departmental task force to address the whole issue of airline competition. He has taken personal charge of the issue of aviation security and doing whatever is necessary to counter the threat of terrorism in the skies. He also is very interested in promoting greater highway safety, and he is very supportive of the efforts of the U.S. Coast Guard in drug interdiction.

My goal is to work with the Secretary in implementing these objectives from a public affairs standpoint so that the public will be informed about the Department and the Administration's transportation programs, goals and objectives.

Senator EXON. Thank you, Mr. Prosperi.

Let me just say as one who has been involved in political affairs for a long time, like yourself, it is very nice of you, a couple of days before Mother's Day, to make the statement that you have just made.

I hope that your wife accepts that in some degree. If she does, then she is pretty much like my wife. They do put up with an awful lot, and I thought it was thoughtful for you to do that.

What do you see as your biggest challenge in assuming this new position?

Mr. PROSPERI. I think the biggest challenge that the Office of Public Affairs will face is doing really just what Senator McCain had mentioned earlier, maintaining and increasing the level of public confidence in what the Transportation Department is trying to accomplish on behalf of the President. I will use the case of the oil spill as an example.

I think, as of right now, there is a certain amount of concern as to what the administration is trying to accomplish, in terms of cleaning up the oil spill in Alaska.

It is my view that we are doing the best job we can. I think it is also my view that we probably need to do a much better job, not only today or tomorrow, but for the long haul of letting the public know that we are working as hard as we can in cooperation with the State and Exxon to get the job done.

I think it is not just that issue, but I think all the issues, where we are just really going to have to do our best to get the right information out, get all the information out, and allow the public to make the decision as to whether we are doing just that.

Senator EXON. Mr. Prosperi, thank you very much.

I had a question or two on the Exxon oil matter, but I see that my friend and colleague from Alaska is here, and I am sure he will have a question or two on that. So I will skip over that.

The last question that I would like to ask you is in regard to the questions and answers that we received from the two previous witnesses concerning the timely and fair notice to Members of Congress on decisions that are made in the Department.

Do you subscribe to the remarks that have been made previously in this hearing this morning with regard to the fair and timely notification, at the same time, of Members of the United States Senate on policy decisions by the Department?

Mr. PROSPERI. Yes, I do, Mr. Chairman. In every public affairs office where I have had the opportunity to work, it has always been my desire to let my colleagues in the appropriate offices that serve as a liaison to The Hill, that they get, in fact, advance notice of whatever it is that we are planning to release publicly, so that there is an opportunity for that office to provide advance notice to appropriate parties up here on The Hill.

So, yes, I do subscribe to that.

Senator EXON. Thank you very much.

One of the prime successes that I think Secretary Skinner has evidenced so far, and to the same degree that I thought Secretary Burnley brought to the department, is the fact that I thought he was very accessible to us who have to work with him on these policy decisions.

I would hope and expect that the same would be true with you, as a key part of the Skinner philosophy and a key part of the Skinner team.

Mr. PROSPERI. I think you will find that to be totally true.

Senator EXON. Thank you very much.

Senator Burns.

Senator BURNS. I have just a couple of questions.

Welcome. It's nice to see you again. You have returned from the tundra up there in Montana. We have some people who kind of give it some thought like that.

I don't know of two departments in government that touch more lives than the Department of Interior and the Department of Transportation. Sometimes they are very tender areas, and it seems like everybody has their minds made up on how we should be operating both of those departments because they do touch so many lives.

Are there are some things that you would have liked to have changed? Senator Exon, my friend from Nebraska, also sits on the Interior Committee and we keep hearing all the time, in the management of our public lands and our resources in this country, about a loss of credibility and about keeping those departments credible in the eyes of the American people. A lot of how well we communicate with the American people falls to the Office of Public Affairs.

Are there some things from previous experience that you want to bring to the Transportation Department, some changes to be made there, that we might do a better job? If there are, what are your views on that?

Mr. PROSPERI. Well, first of all, let me go back to my experiences at the Interior Department, where I had an opportunity to serve with a person whom I consider to be a great public servant, and that was Don Hodel.

Secretary Hodel, in his art of communication, always felt that it was not one-sided; that a part of being Secretary of Interior, was to go out there and see the property, since he was considered to be the landlord for most of the Federal lands West of the Mississippi; but not to go out there and tell the people here is what the Interior Department is going to be doing, but to kind of go out there and listen.

In particular, he did that all along the Coast of California regarding the issue of off-shore drilling. In a two week period of time, he held eleven public meetings, where he sat there for two or three hours at a time and listened to testimony from local citizens and State and local officials.

I think Secretary Skinner operates under the same idea, that we are here to serve, and we need to get out first-hand and talk to the people, whether it's FAA, air traffic controllers, Coast Guard employees, or whatever, or just to go out and talk to people like my parents in Chicago, and find out what are their concerns, what are their views about travelling on an airline or riding on the highways.

Sometimes that is where we get some of the best information.

So, I would like to encourage that same type of philosophy at the department.

I also think there are a lot of very interesting things going on that are being done by public servants at the Department of Transportation that do not always get out. I would like to encourage more ways from a public affairs standpoint to get that kind of information out and let the public know what is being done.

Senator BURNS. Thank you, Mr. Chairman. Those are all the questions I have.

Senator EXON. Thank you, Senator Burns.

Senator Stevens.

Senator STEVENS. Well, you have served with some interesting people, Mr. Prosperi.

The Chairman has mentioned the Alaska situation, and you, too.

Do you think the legislation that has just been brought to the Congress by the Transportation Department is responsive to the Alaska disaster?

Mr. PROSPERI. I have not had a chance to review it at length. I would hope, at the very least, Senator, that it is a very good start, and that it is something that the Secretary can sit down and work with you and your colleagues on, to make it more workable.

I have been up to Valdez twice since the spill. I've been there both times with the Secretary.

Senator STEVENS. While you were there, did you stop and listen and talk to people, as you said you had done in California?

Mr. PROSPERI. Yes, sir.

The first time we were there was four days after the spill took place. We spent about 22 hours on the ground, with only a few hours of sleep. I think Secretary Skinner met with the mayor, local officials, fishermen, representatives from Exxon, and went out and did three different tours of the area.

I think for 22 hours he accomplished quite a bit, as is his nature.

I think he will probably go back up there again. I know the Commandant has been up there many times, and I think we will continue to stay on top of it. I am sure you will make sure that we continue to stay on top of it.

Senator STEVENS. I'm trying to find a way to do that. Maybe the confirmation of these three officials is going to give me that way.

I don't have any more questions, Mr. Chairman.

Senator EXON. Thank you very much, Senator Stevens. I know that is a major concern of yours, representing the people of Alaska, on that tragedy that we have up there. I would only add my suggestion that the Department continue to monitor that and take the aggressive action that is obviously needed and necessary.

I salute you for what you have done so far.

There may be some additional questions for the record, Mr. Prosperi, that I or other Members of the Committee might have.

We would ask that you respond to them as quickly as you can. I see no problem with your nomination, nor did I with the two previous nominees this morning. I pledge as one Member of this Committee, and I think I speak for the Committee as a whole, to move ahead aggressively on your confirmation process.

Thank you for being here this morning.

Mr. PROSPERI. Thank you, Mr. Chairman.

Senator EXON. With that, we are adjourned.

[Whereupon, at 10:07 a.m., the Committee adjourned, to reconvene upon the call of the Chair.]

NOMINATIONS—MAY-JUNE

FRIDAY, MAY 12, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 10:43 a.m., in room SR-253, Russell Senate Office Building, Hon. John D. Rockefeller IV presiding.

Staff members assigned to this hearing: Loretta Dunn, staff counsel; Becky Kojm, professional staff member; and Ruth Johnson, minority professional staff member.

OPENING STATEMENT BY SENATOR ROCKEFELLER

Senator ROCKEFELLER. Good morning.

Today the Committee meets to hear from the administration's nominee to be Under Secretary of Commerce for Economic Affairs, Dr. Michael Darby.

Immediately following this nominee's hearing, the Committee will proceed to the nomination of Thomas Collamore, to be Assistant Secretary for Administration of the Department of Commerce.

Dr. Darby has been nominated to replace Dr. Robert Ortner, who all of us here in Congress have a very high regard for.

I don't want to put any pressure on you, Dr. Darby, but you have some large shoes to fill. We have a lot of confidence in what he has told us over the years, and we have really trusted him and believed in him.

We look forward to having that same feeling with you.

You have a difficult position, a challenging one. You supervise two of the most important statistical agencies in the United States Government—the Census Bureau and the Bureau of Economic Analysis. The Census Bureau is going to be very crucial. There is really no way to overestimate your task.

Americans do not know what the Bureau does. But that is probably the way government works, and those of us who work here in Washington understand that.

The matter of inward and outward, foreign direct investment comes under the Bureau of Economic Analysis (BEA). This Committee has jurisdiction over the *International Investment and Trade in Services Survey Act,* and it is our responsibility to insure that Dr. Darby has the tools to adequately collect, analyze, and disseminate information collected at the direction of the Survey Act.

You do have excellent qualifications, Dr. Darby. You graduated from Dartmouth College and have a Masters and Ph.D. from the University of Chicago, which impresses me. You have been a Pro-

fessor of Economics at UCLA for 14 years, and you have been, since 1986, the Assistant Secretary for Economic Policy at the Department of Treasury. At Treasury you have managed a staff of 40 people and have been responsible for economic forecasting, economic analysis, and statistical analysis.

You received the Alexander Hamilton Award for what I assume is excellent work.

So, you may have a statement that you wish to make, and then we shall talk some.

[The biographical sketch follows:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
DANIEL K. INOUYE, HAWAII
WENDELL H. FORD, KENTUCKY
J. JAMES EXON, NEBRASKA
ALBERT GORE, JR., TENNESSEE
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
LLOYD BENTSEN, TEXAS
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United States Senate

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: DARBY (Last) Michael (First) Rucker (Other)

   Address: 7014 Duncraig Court, McLean, Virginia 22101 (Current residence) and 3937 Purdue Street, Dallas, Texas 75225 (legal)

   Department of Commerce (Business) 14th & Pennsylvania Avenue, NW, Washington, DC 20230

2. Position to which nominated: Under Secretary of Commerce for Economic Affairs

   Date of nomination:

3. Date of birth: November 24, 1945 (month) (day) (year)

   Place of birth: Dallas, Texas

4. Marital status: Married

   Full name of Spouse: Joanne Tyndale Darby

5. Names and ages of children: Margaret Loutrel Darby (19)
   David Michael Darby (14)

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Dartmouth College	1963-67	A.B.	1967
University of Chicago	1967-70	M.A. Ph.D.	1968 1970

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work

a. University Appointments:

University of California, Los Angeles: John E. Anderson Graduate School of Management: Professor, 1987 -; Department of Economics: Professor, 1978 - 1987; Associate Professor, 1974-78; Acting Associate Professor, 1973-74; Visiting Assistant Professor, 1972-73.

Ohio State University, Columbus, Department of Economics: Assistant Professor, 1970-73; Director, Division for Economic Research, 1971-72.

University of Chicago, Chicago, Illinois, research and teaching assistant to Professor Henri Theil, 1968-69.

b. Other Appointments:

U.S. Treasury Department, Assistant Secretary for Economic Policy, 1986-89.

National Bureau of Economic Research, Research Associate, Los Angeles, 1976-86; Harry Scherman Research Fellow, New York, 1974-75.

Hoover Institution on War, Revolution, and Peace, Stanford University, Stanford, CA, Visiting Fellow, 1977-78.

Vice President and Director, Paragon Industries, Inc., Dallas, Texas, 1964-82.

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

Employment by U.S. Department of the Treasury, The Ohio State University and University of California (see Item A.7 above).

Member, National Commission on Superconductivity, 1988-89.

Consultant (expert witness) for Office of the City Attorney of Los Angeles, 1985-86.

Academic consultant to the Board of Governors of the Federal Reserve System, 1976.

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

1988: Spoke to Platform Delegates to the Republican National Convention, New Orleans, August 8, 1988. Contributions (by self and wife) of $1000 to George Bush for President and $2000 to the Presidential Trust.

1986: Gave an informal seminar at the California College Republican State Convention, Los Angeles, in April. Contribution of $250 to Ed Zschau for Senate.

Prior to 1986, I played no active role in politics except for voting in Texas Republican primaries and general elections and my wife or I responding irregularly in amounts of at most $100 per year to national Republican party mailings.

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

American Economic Association*
American Finance Association
American Statistical Association
Mont Pelerin Society
National Association of Business Economists
Western Economic Association*
The Opera Associates
U.S. Naval Institute
*Offices included in Item A.11 below.

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

a. Honors Received:

Alexander Hamilton Award (Treasury's highest honor), 1989.

Listed in Who's Who in Economics: A Biographical Dictionary of Major Economists, 1700-1981, 1983. (Also 2nd edition, 1700-1983, 1985).

Federal Deposit Insurance Corporation Prize for Best Dissertation, Fellowship Year 1969-70.

Federal Deposit Insurance Corporation Graduate Fellow, 1969-70.

National Science Foundation Graduate Fellow, 1967-69.

Lilly Honor Fellow, 1967-70.

Woodrow Wilson Fellow (Honorary), 1967-68.

Senior Fellow of Dartmouth College, 1966-67.

Phi Beta Kappa, 1966.

b. Professional Activities:

Editor, Journal of International Money and Finance, 1981-86.

American Economic Association: Member of Editorial Board, American Economic Review, 1983 - 87.

Institute of Industrial Relations, U.C.L.A., Research Associate, 1981-85; Faculty Advisory Committee, 1981-82.

Chair, Selection Committee for the best article published in Economic Inquiry, vol. 22 (1984).

Western Economic Association: Member, Executive Committee, 1987-90; Program Committee, 1980, 1986-88; Invited Sessions Committee, 1981, 1982.

Institute of Social Science Research U.C.L.A., Faculty Advisory Committee, 1981-82.

External Examiner for Ph.D. in Economics, University of Western Ontario, 1979.

Money and Macroeconomics Program Chairman, Econometric Society Meetings, Chicago, August 1978.

Book Review Editor, Journal of Money, Credit, and Banking, 1973-74.

c. Research Grants:

"A Dynamic Analysis of the Effects of Social Security on Income and the Capital Stock," $20,850, American Enterprise Institute for Public Policy Research, April - December 1976.

"The International Transmission of Inflation Through the World Monetary System," Co-Principal Investigator with Anna J. Schwartz for the National Bureau of Economic Research. In association with Benjamin Klein, Arthur Gandolfi, James Lothian, and Alan Stockman. Funding for September 1976 - August 1981 from the National Science Foundation $434,051; Kelm Foundation, $14,313; Scaife Family Trusts, $50,000; and Alex C. Walker Educational and Charitable Foundation, $15,000.

"The U.S. Productivity Slowdown: International Evidence on Causes, Implications, and Responses," Principal Investigator for the National Bureau of Economic Research. Funding for July 1982-June 1985 from the National Science Foundation, $67,500; N.B.E.R. Project on Productivity and Industrial Change in the World Economy, $38,934.

"International Transmission under Floating Exchange Rates," Principal Investigator with James R. Lothian for proposal. (Seed money grant of $10,000 from the Earhart Foundation to the Foundation for Research in Economics and Education, 1986.)

STATEMENT OF DR. MICHAEL R. DARBY

Dr. DARBY. I have no prepared statement, Mr. Chairman. But I am very honored to be here. It was a great honor to be nominated by the President on the recommendation of the Secretary for this important job. It is a great honor to be considered by this Committee, and I hope very much to live up to those hopes you expressed for my service after favorable consideration by this Committee and confirmation by the Senate.

Thank you for having me today.

Senator ROCKEFELLER. Thank you.

Senator Stevens was here and wanted to participate, but had another meeting. He wanted me to note that he has interviewed both nominees.

Senator Gramm of Texas could not be here today, but has a statement expressing his support for the nomination.

[The statement and prehearing questions follow:]

STATEMENT OF HON. PHIL GRAMM, U.S. SENATOR FROM TEXAS

Mr. Chairman, I appreciate the opportunity to submit this statement of support for the nomination of my friend and former academic colleague, Michael Darby.

I first met Mike Darby in 1973 when my university, Texas A&M, was trying to persuade him to join our economics department faculty. We failed, but our loss was UCLA's gain. Except for sabbaticals to work with the National Bureau of Economic Research and the Hoover Institution at Stanford University, he remained with UCLA until 1976, when Jim Baker recruited him as assistant secretary for Economic Policy at the Treasury Department.

I have followed his progress through his numerous published articles, the milestones of his professional and public service and his editorship of the Journal of International Money and Finance. Most recently, Treasury Secretary Nicholas Brady awarded him the Department's highest honor, the Alexander Hamilton Award, in recognition of his achievements.

I am pleased to be able to commend Michael Darby for the consideration of this committee.

PREHEARING QUESTIONS FOR AND RESPONSES OF MR. MICHAEL R. DARBY NOMINEE, UNDER SECRETARY FOR ECONOMIC AFFAIRS, DEPARTMENT OF COMMERCE

GENERAL

1: What are your qualifications for this position?

A: I believe that I have compiled an excellent record managing a staff of some 40 people and a significant budget encompassing the economic policy, forecasting, and statistics function at the Treasury. I received the Department's highest honor, the Alexander Hamilton Award, in recognition of those accomplishments.

Prior to joining the Treasury I developed a record of achievement in applied statistical research in the areas of macroeconomics, money and banking, and international finance. I have demonstrated a particular concern and talent for dealing with the production, quality, and interpretation of statistical data.

2: What do you think will be your most important task as Under Secretary?

A: My most important task will be to advise the Secretary of Commerce and other senior Commerce officials on economic conditions, outlook, and policy. This includes interpreting economic developments and economic indicators; analyzing and developing Departmental positions on economic policy issues; and serving as chief statistical policy officer.

3: What are your major goals for your tenure as Under Secretary?

A: I have four major goals:

- o to provide the leadership for the superb career staff in Economic Affairs which will enable the Secretary and the Department to contribute more fully to the formulation and implementation of economic policy.

- o to oversee the conduct of an accurate, full, fair, and efficient decennial census.

- o to improve the quality and maintain the integrity of the economic and social statistics, and

- o to improve the dissemination and accessibility of the statistics produced by the Department.

4: What do you consider your major accomplishments as Assistant Secretary for Economic Policy at the Department of the Treasury?

A: I believe my most important accomplishment at the Treasury was providing the leadership, organization, and support which enabled the talented and dedicated career staff of my office to provide the information and analysis which the Secretary of the Treasury required to fulfill his role both within the Department and in the Cabinet as principal economic adviser to the President.

I believe that my staff and I effectively served the Secretary of the Treasury in the interagency policy process dealing with a large number of issues, including competiveness and the stability of financial markets. I initiated and supervised several policy relevant studies including analyses of U.S. investment and saving.

5: What role does the Under Secretary play in making Departmental and Administration Policy?

A: I will be the primary adviser to the Secretary on all policy matters with direct or indirect economic implications. In addition, I will be the Department's principal contact with the Council of Economic Advisers and other economic policymaking bodies in the Administration. I will also exercise policy direction and general supervision over the Bureau of the Census and the Bureau of Economic Analysis.

6: Are you planning to make any major changes in personnel or policy within the offices reporting to the Under Secretary?

A: No.

CENSUS

7: The Bureau estimates that the full cycle cost of the 1990 decennial census will be $2.6 billion. Since that estimate was originally made in 1986, the Bureau has had to make budget adjustments to accommodate such items as pay increases for federal employees and increases in the federal government's mileage rate allowance.

What would it cost in current dollars to do the census as designed in 1986? How has the design of the census, with regard to the timing, size, and number of census activities changed since 1986? Which activities have been added? To what extent has the current design been affected by budget adjustments for inflation and real budget cuts since 1986?

A: In 1986, the Administration developed estimates for the 1990 census full-cycle costs. In 1987, those estimates were presented to the Congress as part of the 1988 Budget. The 1990 request is consistent with that $2.6 billion estimate and with the overall design features associated with that estimate.

The Census Bureau absorbed most increases, including mileage reimbursement rates for our large field staff, portions of required pay raises, and other inflation cost adjustments since then. In addition, the Congress cut $71 million from the decennial funding in the last two years.

Since Commerce submitted the 1990 request to the Congress, the Bureau has identified $40-50 million in additional costs for a field enumerator pay raise and for District Office space rental. Again its plan is to absorb these costs within the funded level. This will be possible because the Bureau has realized savings in 1989 in their large questionnaire printing contracts and other processing efficiencies.

Thus, since 1986, $2.6 billion has been the total for the full-cycle costs of the 1990 Census. The major features of the program, including the timing, size, and number of activities, have not changed significantly from that 1986 design. Instead, the Bureau has made specific design decisions within that overall framework; monitored and refined cost estimates on an on-going basis; and fine-tuned staffing, equipment, space, and schedules to stay within the overall total of $2.6 billion.

8. The Bureau has been denied funding for a contingency reserve it believes it needs to meet unanticipated budget shortfalls in 1990 while awaiting action on a supplemental budget request.

- How does the Bureau plan to handle unanticipated budget shortfalls in 1990 without a contingency reserve? How will the Bureau ensure that census operations are not interrupted in 1990 by an unanticipated budget shortfall?

A: The Bureau believes that the early testing, careful planning, and advanced Management Information Systems they are using for the 1990 census significantly reduce the likelihood of unanticipated budget shortfalls in 1990. Some factors, however, remain beyond their control. Should these factors vary from the assumptions underlying the budget, they may have to take action to control the budget impact.

The Bureau's automated Management Information System (MIS) will be the tool to provide up-to-date cost and progress data so that they can monitor key activities. The Bureau also believes their current decision-making process (involving key headquarters staff, executive staff review at the Census Bureau, and departmental and budgetary reviews) can use MIS data and other information to make quick, accurate decisions if changes are needed.

Contingency planning also encompasses the ability to anticipate potential problems and then take steps to prevent or minimize the chances the problem will occur. This is why the Bureau conducts its various pretests and dress rehearsals, for example. In other words, factors are beyond our control only to the extent that we have not recognized uncertainties and taken steps to reduce our risks. Thus, for example, the mail response rate is not entirely out of the Bureau's control since they have taken a number of steps to achieve or even exceed the estimated rate. These include a wide range of publicity and outreach efforts to encourage participation such as a motivational message included with each questionnaire and toll-free telephone assistance.

9. The Bureau added about $21 million to its FY 1990 budget to cover increased pay rates for its 1990 field staff.

-- How much may be needed for competitive pay and where will it come from?

A: The Bureau estimates that an additional $39 million is needed. It plans to fund this through FY 89 savings realized from the questionnaire printing contracts and processing efficiencies.

BEA

10: Do you believe that BEA information on inward foreign investment could be disseminated in a more timely fashion?

A: Given additional resources, the results of BEA surveys of inward foreign direct investment could, to a limited extent, be published in a more timely fashion. For example, with additional resources, BEA could publish the results of its survey of new foreign direct investments every 6 months instead of once a year as at present.

However, further efforts to publish information more quickly may have limited impact. First, respondents oppose due dates earlier than May 31 for annual surveys. Second, BEA needs time after the due dates to edit reports and, because respondents often fail to file on time or file erroneous reports, to follow up on late filers and to correct erroneous reports. Lack of timely response by reporters has become an increasingly serious problems for BEA in recent years. Companies have indicated that part of their slowness is because the resources they can devote to completing Government surveys had declined.

It is worth noting that, in recent years, BEA has accelerated its schedules for publishing the results of its surveys. For example, publication of the results of the annual survey of foreign direct investment in the United States has been accelerated. Results are now published 1 year after the due date of reports. Publication of the preliminary results of the 1987 benchmark survey of foreign direct investment is also being accelerated, from 2 years to a little over 1 year. The due date was May 31, 1988, and results will be published in mid-1989.

11: Senator Murkowski has introduced a bill, S. 856, which gives the staff at BEA access to Census Bureau information on a confidential basis. Do you think this would be helpful to BEA?

A: Access by BEA to some Census Bureau information would help advance a project to link and integrate the two agencies' data sets and provide more detailed data on foreign direct investment.

However, the provision in S. 856 that would give BEA direct access to all Census data, by amending title 13 of the United States Code, goes beyond what is needed for direct investment purposes and would set an undesirable precedent

for future inroads into the strict confidentiality constraints of title 13.

Consideration is being given to an alternative that would give BEA access that is more limited but still sufficient to link and integrate the two Bureau's data sets.

12: As you know, there are bills pending in the House and Senate -- the Bryant bill, H.R. 5, and the Harkin bill, S. 289 -- which change the current foreign investor reporting system. What is your opinion of this legislation?

A: The Department opposes H.R. 5 and S. 289 for several reasons.

Their provision for disclosure of individual company data would have two detrimental effects. First, by compromising data confidentiality, disclosure would destroy an important principle that is required to maintain the integrity of the U.S. Government's data collection program. Second, by discriminating against foreign-owned companies in the United States, it would discourage foreign direct investment and may invite retaliation against U.S. investments abroad.

These bills require the reporting of data that are, for the most part, already collected by the Bureau of Economic Analysis (BEA). In fact, the BEA data provide a more complete picture of foreign direct investment in the United States that would be provided under H.R. 5 and S. 289.

Senator ROCKEFELLER. I also understand that your wife, Jaye, which is appealing to me, in that that is my name, too, is here, as is your son David.

Where are they?

[Pause.]

Senator ROCKEFELLER. Great.

The Bryant amendment is controversial. What are your thoughts there?

Dr. DARBY. Well, the administration has opposed the Bryant amendment for several reasons. One is that it would be discriminatory against foreign investment and tend to deter that. From the point of view particularly of the position to which I am nominated, another concern is that it would threaten the integrity of the statistical system by eliminating the confidentiality which we think is so important to getting accurate answers.

Senator ROCKEFELLER. That's interesting.

I happen to agree with you. But tell me why that confidentiality is so important and what it would mean if it were not available.

Dr. DARBY. Under the confidentiality which the Census Bureau and the BEA have been able to maintain their important reputation, when respondents give information, I think it is fair to say that to the best of their ability they are accurate.

To the extent, instead, that it becomes public information which may be used against them individually, then there is a danger that they will distort the answers and engage in strategic behavior.

We have seen in the past that people do respond to the incentives whenever they report things, and when it is public information this makes a difference.

Senator ROCKEFELLER. So, in other words, it's not that they would give false information, but it would be that they would, somehow, disguise their information so as to not have to reveal what it is they might not want to reveal. They would simply choose, for their own internal purposes, they would feel they would have to protect themselves and, therefore, would give inaccurate answers?

Dr. DARBY. I think that is correct, Senator.

Senator ROCKEFELLER. And that has been something you have observed, companies or individuals having to protect themselves?

Dr. DARBY. It does seem to be the case in terms of my past academic studies, that we have seen the data series change whenever there have been changes in legislation. I think particularly of the enactment of the Fair Hours Law in the 1930s, and the change in the reported number of hours worked by employees.

Senator ROCKEFELLER. So, in a sense, the amendment would be self-defeating?

Dr. DARBY. I'm afraid so, sir.

Senator ROCKEFELLER. And also put the data system in jeopardy.

Boards of Trustees now—of course, we are talking about foreign investment, and they may or may not have "Boards of Trustees"—but Boards or Trustees or Directors of corporations tend to take on more responsibility now because of liability laws. With foreign investment, would they have local Boards of Directors? What patterns do you see? Would they be overseas Boards of Directors, and, therefore, not be subject to liability laws, as increasingly our own Boards of Directors are—or what?

Dr. DARBY. I really have not examined that issue in the detail I would need to answer. My understanding is: I know of some firms that do have local directors, and I am aware of other firms that basically are run from the home office.

Senator ROCKEFELLER. We have about 16 agencies that collect information on foreign investments. What are some of those and why do we have such a number of them?

Dr. DARBY. The Census Bureau collects a good bit of data, particularly, I guess, at the establishment level, and the Bureau of Economic Analysis conducts the bulk of the surveys. They have four major surveys now, and they receive the mandatory survey whenever a firm opens a major, direct investment in the United States.

There are also annual surveys and benchmarks.

Senator ROCKEFELLER. But there are other government agencies that do this.

Dr. DARBY. Right.

Senator ROCKEFELLER. Do you know what some of them are?

Dr. DARBY. I know that the Federal Reserve System collects data, for example, on foreign bank branch systems. I am not aware of what all the other agencies are yet.

Senator ROCKEFELLER. If there were 16, it would be interesting, and we can have Committee staff make you aware of what those others are, to find out if that is useful or simply an accumulation of amendments tacked here and there on bills, that have caused 16 agencies to be collecting information on foreign investments.

Would you be willing to receive that information, answer it, and give some reaction to it?

Dr. DARBY. Sir, I would be happy to look into it and work with the Committee staff.

Senator ROCKEFELLER. It may be an area where you could make some contribution, too, if those 16 Federal agencies each statutorily has to do it, or perhaps if there is just a lot of unnecessary form filling. It would be interesting to know.

Dr. DARBY. Yes, it really would.

Senator ROCKEFELLER. S. 856, introduced by Senator Murkowski, allows BEA and the Census Bureau to share data on a confidential basis.

Are you familiar with that bill?

Dr. DARBY. Yes, sir, I am, in general terms.

Senator ROCKEFELLER. I assume it would allow them to share it with Members of Congress, or within the Executive Branch. What is your understanding of that?

Dr. DARBY. I believe also the information would be available to the General Accounting Office and possibly some other agencies outside the Executive Branch. But I understand the General Accounting Office would have access under that version of the bill.

Senator ROCKEFELLER. Are there occasions where information on foreign investment, if it were properly and confidentially handled, could be useful?

Dr. DARBY. My understanding is that the Bureau of Economic Analysis and the Bureau of the Census feel that the information on foreign investment that they have is, by and large, more extensive, more comprehensive, even as published, than would be required under either of these approaches.

I think that they do believe that there is the possibility of some limited information sharing to allow the two bureaus to make sure that their foreign investment information is consistent and comprehensive. It is my understanding they are attempting to develop an approach that would not threaten the confidentiality of the data and, at the same time, would meet all the needs in terms of being sure that everything, other than individual firm data, would be available.

Senator ROCKEFELLER. Still, are there circumstances where information that might come in with respect to foreign investment, could it, in fact, be of some proper use or do you think confidentiality should simply be confidentiality, period?

Dr. DARBY. I think that that is important. I think that there are alternative means of obtaining information in those cases. I would think, for example, the CFIUS Process might require information, but they know exactly the firms that are available and can require full disclosure on a case-by-case basis.

So I think it is more dangerous to the statistical system, to have the confidentiality breached, without any real gain to the legitimate purposes of gathering information.

Senator ROCKEFELLER. How does an executive responsible for those two data collecting agencies insure the reliability of information? How do you do that?

Dr. DARBY. Well, that is a difficult challenge. But, fortunately, I think that we have a dedicated and superb career staff. I have been meeting with some of them in preparing for these hearings, and they are very impressive.

Of course, I knew some of them before, from professional meetings and elsewhere.

So, part of it is having that kind of staff. There is no doubt in my mind that any improper influence we would hear about immediately.

The other thing, and the thing that I think I would have the most ability to look at, is to consider what criticisms are legitimately being made of the way we are doing things, and discuss the methodology, and see if we can improve it in response to legitimate criticism from elsewhere in government and from the academic and business community.

So I think that we should be responsive.

I don't think that either Bureau or indeed the Office of the Under Secretary, which if I am confirmed, I would hope to lead, would be perfect, and I think we should learn from criticism.

I think that is the most important thing we can do to protect the integrity of the system.

Senator ROCKEFELLER. Do you have a leave from UCLA?

Dr. DARBY. Yes, sir.

Senator ROCKEFELLER. Does it have a termination date, or is it flexible?

Dr. DARBY. It's flexible. I think that they do the paper year after year. But it is flexible as to when it is over.

Senator ROCKEFELLER. Some institutions do not have that flexibility, am I right? In other words, you are in, you can do government service for three to five years, or whatever it is, but then you have to choose one way or another.

Is UCLA's the more common approach among major universities that you know of?

Dr. DARBY. I don't know that it is. I know that Harvard has a very firm limit, and people tell me that I am lucky that I am at UCLA and not at Harvard. But I don't know which is more common.

I think, maybe, being a State university, UCLA is more dedicated, perhaps, to the ideal of public service and professional service as an appropriate activity for its faculty.

Senator ROCKEFELLER. Do you pay a cost for that in terms of the subject matter of your teaching? In other words, if you are away for a period of years, does that put you behind?

Dr. DARBY. Well, it does in some ways, and it puts me ahead in others.

Senator ROCKEFELLER. Obviously ahead, yes.

Dr. DARBY. I am on leave from the Business School, and I think that the ability to talk about the interaction between the government and the business sector will probably contribute more to students than the dulling of my research on the latest areas. If I may say so, while I have been here, I have managed to supervise and participate in some analytical studies which were good enough to be published in academic journals. I have tried to not let the juices entirely dry up.

Senator ROCKEFELLER. Did you have any second thoughts about doing this work? Are you doing it out of duty or because, in fact, you were hoping that you would be asked to do this? Is it some mixture?

What are your motivations and feelings?

Dr. DARBY. Well, I would be less than frank if I didn't say I did have some second thoughts. I had been here for two and a half years by the time I was asked to take on this job, and it has been a considerable sacrifice for my family, and I was ready to go back to UCLA. But much of my research had centered over the years on statistical issues, and when I realized that this was a chance to lead the very people that I thought were doing very important work and were under-recognized for that effort, it was something that I just could not turn down.

I think it is an exciting challenge, and I think these are great opportunities.

Senator ROCKEFELLER. So you have signed on for at least four years?

Dr. DARBY. Well, I'm signed on at the pleasure of the President.

Senator ROCKEFELLER. That's true. That's always true.

I have no other questions, Dr. Darby. You did not have an opening statement, so I guess maybe this is the end of our conversation.

Dr. DARBY. Thank you very much. It is a pleasure being here and I very much appreciate the time and consideration of the Committee.

Senator ROCKEFELLER. Thank you very much, Dr. Darby. Thank you very much, indeed.

Mr. Collamore, I am glad that you are before us. You are a native of Connecticut, a graduate of Drew University, and are currently Special Assistant to the Assistant Secretary for Administration, prior to this, in the Office of the Vice President for four years; also budget and administrative functions, with a staff of approximately 100.

You worked as a confidential assistant to Secretary Baldrige for over three years. He was very well thought of here.

When we had the Secretary here two days ago, it occurred to some of us that not many nominations have come up. It turns out, in fact, that three to four months into the administration, these are the third and fourth. In other words, only one other individual has been confirmed, other than the Secretary himself, which is difficult because it is very difficult for him, simply because it deprives him of a sense of what he needs.

So we, in the Commerce Committee, are anxious to proceed to help him. Administration tends to be in a position that does not get a lot of attention because reporters are not flowing to you for information. But Administration obviously is crucial, in proper organization, and this is extremely important.

Had you known Secretary Mosbacher?

[The biographical sketch follows:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
DANIEL K. INOUYE, HAWAII
WENDELL H. FORD, KENTUCKY
J. JAMES EXON, NEBRASKA
ALBERT GORE, JR., TENNESSEE
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
LLOYD BENTSEN, TEXAS
JOHN F. KERRY, MASSACHUSETTS
JOHN B. BREAUX, LOUISIANA
RICHARD H. BRYAN, NEVADA
CHARLES S. ROSE, VIRGINIA
JOHN C. DANFORTH, MISSOURI
BOB PACKWOOD, OREGON
LARRY PRESSLER, SOUTH DAKOTA
TED STEVENS, ALASKA
ROBERT W. KASTEN, JR., WISCONSIN
JOHN MCCAIN, ARIZONA
CONRAD BURNS, MONTANA
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RALPH B. EVERETT, CHIEF COUNSEL AND STAFF DIRECTOR
WALTER B. MCCORMICK, JR., MINORITY CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Collamore (Last) Thomas (First) Jones (Other) (middle)

   Address: 2320 Wisconsin Avenue, N.W. #113 (Current residence) Room 5830, US Dept. of Commerce (Business)

   Washington, D.C. 20007 Washington, D.C. 20230

2. Position to which nominated: Assistant Secretary of Commerce for Administration Date of nomination: April 12, 1989

3. Date of birth: January (month) 29 (day) 1959 (year) Place of birth: Hartford, Connecticut

4. Marital status: Single Full name of Spouse: N/A

5. Names and ages of children: N/A

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Drew University (Madison, NJ)	1977-81	B.A.(magna cum laude)	1981
Kingswood-Oxford School (West Hartford, CT)	1970-77	Graduated,	1977

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
6/81	6/82	Secretary of Commerce Malcolm Baldrige	Washington	Confidential Asst.
6/82	11/82	Lewis B. Rome	Bloomfield, CT	Deputy Director of Gubernatorial Campaign
12/82	3/85	Secretary of Commerce Malcolm Baldrige	Washington	Special Assistant
4/85	1/89	Vice President George Bush	Washington	Deputy Assistant and Staff Secretary and later Assistant for Operations
1/89	Present	Secretary of Commerce Robert Mosbacher	Washington	Special Assistant to the Assistant Secretary for Administration

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

In addition to the positions stated above:

Intern, Connecticut State Senate, Spring 1977.

Co-Director of Secretariat, Presidential Transition, November-Jan. 1988-89.

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

1988 -- Contributor, George Bush for President ($1000)

1986 -- Contributor, Fund for America's Future ($500)

1982 -- Contributor and staff member, Rome for Governor (CT) ($100)

1979-80 -- Contributor and Volunteer Staff Member, George Bush for President ($250)

1977-81 -- Member, Bloomfield (CT) Republican Town Committee

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

Member, Pi Sigma Alpha, National Political Science Honor Society (1980).

Member, Board of Directors of Malcolm Baldrige Scholarship Foundation (Since 1987).

STATEMENT OF THOMAS J. COLLAMORE

Mr. COLLAMORE. Yes, Mr. Chairman. I have known him off and on for the last four years, while I was working for then-Vice President Bush, while he was a private citizen, but was a top adviser to the Vice President at that time.

Senator ROCKEFELLER. Good.

You do have a statement. Do you wish to give it?

Mr. COLLAMORE. Certainly, Mr. Chairman.

Senator ROCKEFELLER. We would be glad to hear from you.

Mr. COLLAMORE. Thank you.

It is an honor to appear before this Committee as the President's nominee to serve as Assistant Secretary of Commerce for Administration.

This is a challenging time for the Department, and I am looking forward to serving Secretary Mosbacher.

If I am confirmed as Assistant Secretary, my primary responsibility will be to advise the Secretary and senior department officials on administrative management issues. It was my privilege to spend over three years working for the late Secretary Malcolm Baldrige in the early 1980s, and I believe that experience will be useful to Secretary Mosbacher and his team.

My experience since then, including nearly four years in the Vice President's Office, has given me a broader understanding of the functioning of government and the role Commerce can play.

If confirmed as Assistant Secretary, I would do my best to bring that experience to help carry out the President's and Secretary Mosbacher's priorities.

If reported favorably by this Committee and confirmed by the Senate, I will do my best to carry out the responsibilities, because effective planning and management and a smoothly functioning administrative apparatus are vital to achieving the administration's goals and objectives.

With that, Mr. Chairman, I welcome any questions you may have.

[The prehearing questions follow:]

PRE-HEARING QUESTIONS FOR THOMAS COLLAMORE
ASSISTANT SECRETARY-DESIGNATE FOR ADMINISTRATION

1. *How do you think your background makes you qualified to serve as an Assistant Secretary of Commerce?*

Answer: It was my privilege to spend three years working for Secretary Malcolm Baldrige in the early 1980's. Under his leadership, I was involved in a wide range of Department of Commerce issues; his management approach gave me valuable insights into the mission and potential of the Department. As an example, I handled Cabinet Council matters for the Secretary which involved issues from internal government management to economic policy matters.

My experience since then -- nearly four years in the Vice President's office -- has given me an understanding of the broader functioning of government and the contributions Commerce can make. At the Office of the Vice President, I oversaw the budget and administrative functions for a staff of approximately 100. My duties required an ability to organize and manage the diverse units of a large organization.

2. *Why do you want to be Assistant Secretary and what do you hope to accomplish?*

Answer: Over the past few years, the issues the Department deals with have come to the forefront of public awareness and concern. International trade and competitiveness are recognized as vital to the Nation's future, and environmental issues such as the greenhouse effect, ozone depletion, and the Valdez oil spill are front page news. Economic data has become still more crucial in gauging the economy's health, and the most ambitious decennial census is about to begin.

This is an exciting and challenging time for the Department of Commerce, and I hope to contribute. If confirmed as Assistant Secretary for Administration, I would have the opportunity to help carry out Secretary Mosbacher's agenda. The Assistant Secretary's responsibilities for planning and budgeting will be vital for that purpose.

The Assistant Secretary for Administration is also responsible for the effective internal management of the Department. A smoothly functioning administrative apparatus allows program managers to concentrate on their goals. I would build on the accomplishments of the past few years to strengthen those processes still more.

3. *What will be your specific duties as Assistant Secretary?*

The Assistant Secretary for Administration is the administrative officer for the Department and the principal advisor to the Secretary and Deputy Secretary on all such matters. To describe the responsibilities broadly, the incumbent develops and implements policies on Departmental administration and oversees their execution by the counterpart staffs in the Bureaus. The Assistant Secretary is also charged with providing administrative services to the Office of the Secretary and selected Bureaus.

Among the many specific responsibilities of the position, the Assistant Secretary is responsible for personnel management, equal employment opportunity, grants, procurement, planning, budgeting, systems planning and oversight, information resources management and policy, security, administrative services, and financial management.

On a governmentwide basis, the Assistant Secretary is the central point of liaison with Congressional Budget and Appropriations Committees and with central management agencies such as OMB, GSA, OPM and GPO. The Assistant Secretary is also a member of the President's Council on Management Improvement.

4. *What do you consider to be the top priorities of the Department of Commerce under the leadership of Secretary Mosbacher?*

Answer: Secretary Mosbacher has set an ambitious agenda for the Department. He has five objectives of particular urgency for this Administration:

- Improving the international trade climate for American business and industry;

- o Operating an export control program which balances national security considerations and economic opportunities;

- o Taking a fair, accurate and efficient census in 1990;

- o Helping American industry accelerate the commercial application of new technologies (such as high-definition television); and

- o Supporting a vigorous National effort to manage better our ocean and coastal environment.

Based on those priorities, what goals and objectives do you have?

Answer: To elaborate on my earlier answers, the Assistant Secretary has the opportunity to support the Secretary directly in achieving his objectives. I would expect to contribute, in particular, to their planning and execution through the Department's management planning system, development and execution of the budget, and the judicious use of our Decision Analysis Center. These and other tools available to the Assistant Secretary can help assure that we have a well-conceived approach, use our limited resources wisely, and make steady progress.

But, coupled with these direct contributions to program objectives, I also want to be sure our internal administrative mechanisms support the program manager and to eliminate needless administrative barriers. My central goals in that regard will be to streamline financial systems and to assure that other systems are smoothly developed and implemented.

Automated systems have become an increasingly more important element of both administrative and program management and nowhere more so than in the Department. I want to be sure that Commerce managers have the timely, accurate administrative and financial information they need and deserve. And I also want to be sure that our program systems, such as the automated patent system, the National Trade Data Bank, and the weather forecast and warning system, will perform as expected.

Senator ROCKEFELLER. I might say that I have been over the FBI reports, both on you and Dr. Darby, and they are fine and excellent. Those are very significant documents, because the FBI goes out into the field and they ask lots and lots of questions of lots and lots of people.

It is a very important function, and it is very necessary in government. You both do very, very well under that.

One of your duties is productivity improvement, and that would almost follow logically from your position.

Producing on that, however, is difficult. In the Commerce Department, as with most departments—we have a custom in this country of shooting ourselves in the foot through high turnover. It is interesting in that it doesn't even have to be from a Democratic to a Republican administration. Every new President that comes in wants to appoint new people—Reagan people out, Bush people in; you know, Ford people out, Carter people in. This is costly to the American people.

This is costly to the American people, and it is really not a very good system of government.

I personally would prefer it if there were a much broader professional Civil Service.

I do not say this for the top levels, where both of you gentlemen are. But there is, nevertheless, a lot of turnover.

With the recent defeat of the Congressional pay raise, I assume there are some in analysis, research, or senior Civil Service positions in the Department of Commerce who are bumped up against their top salaries. Now they see nothing forthcoming since they are linked to the Congress and Congress obviously is not going to get a pay raise for 100 years or so.

So in the question of productivity, you do have the matter of morale. In my judgment, President Reagan erred and President Bush has not made this mistake, in terms of doing what I think Carter also did, and that is to just beat up on Federal Government employees because people love to hear it in Iowa, West Virginia, and everywhere else. But it is also shameful behavior from adults who presumably should know better.

And so, productivity is a real problem, a real problem, I would think.

I would sort of like to have your thoughts on what you have observed on morale in your work in government, as you have observed it, and what your thoughts are about this position, as hopefully you head toward the Department of Commerce.

Mr. COLLAMORE. I have been fortunate, Mr. Chairman, in my young life to work for two bosses, the late Secretary Baldrige and now President Bush, who both have and had a high regard for the career employees of the government. It is something that was drummed into us every day as staff. We were staff, but we were to respect and value greatly the advice and input we received from the career service.

I also am lucky, I think, in that the organization I hope to lead, if reported out by the Committee and confirmed, is a career oriented one. There are about 820 employees and three, including myself, are political appointees.

So our success will be judged.

Senator ROCKEFELLER. Is that the total?

Mr. COLLAMORE. The total for the Office of Administration.

Senator ROCKEFELLER. Oh, I see, within the Office of Administration.

Mr. COLLAMORE. Within my immediate office, yes.

So, obviously my success will depend a great deal on our success as a team. I have been impressed already by the talent and commitment to good work that seems to come out of the career service.

When I was at Commerce earlier with Secretary Baldrige, I was able to deal with the career employees from across the department, as his agent from out in the field, so to speak. I developed a very high regard for those people. Many of them are still there today, and I am looking forward to working with them again.

But in a larger sense, as Assistant Secretary for Administration, one of my primary jobs will be to keep the good people there, and to encourage them, and to excite them about their work. It will be more difficult without the pay raise.

But I also think that Secretary Mosbacher, in his short time, has already come in contact with a great number of talented and dedicated career employees, and he is dedicated to including them in his policy-making process, as I will be including them in our planning and budgeting process as well.

Senator ROCKEFELLER. My guess about him is that he would be an inclusive type of Secretary. I happen to have a particularly high regard for him. I think when he came to Washington there were some skeptics awaiting him. I don't think there are many skeptics around any more, because I think he has shown good judgment and a relaxed style, and substantial muscle, and muscle, I might say, particularly on the FSX matter, where he and Energy Secretary Watkins really turned the tide on that battle. I think they really turned the tide in the right direction.

Now I don't know this, but I would guess that his management style is informal and comfortably structured, which I would hope would be good for morale.

Nevertheless, the finance part of morale is important. Government employees are not getting paid much more. They are getting paid too much as far as the American people are concerned. But the American people are inadequately understanding what it costs to live in this city and also what the private sector has to offer, which is usually two or three times, at least in certain areas, what you can achieve in government.

You cannot change that, you know. Only the Congress can change that.

Now you have contracting and procurement, and that is not exactly like it is for the Defense Department, but you are dealing with large sums of money when you do that.

What kind of budget do you have, do you think, under contracting and procurement. Do you have any idea how much you have to buy?

Mr. COLLAMORE. Well, we act as the coordinating agent for the various bureaus of the department, depending on their needs. And so, the actual budget of those procurements would be found in the budgets of the bureaus themselves.

For instance, I know NOAA is planning on needing to purchase two super computer systems in the next couple of years, as is the NIST, the National Institute for Standards in Technology.

Senator ROCKEFELLER. Yes. I encourage you to be good to them.

They are an extraordinary group, out in Gaithersburg, and they are little visited by Members of Congress. There are, I think, about 700 Ph.D's out there who do extraordinary work. They have people from all over the world who come to this country to work with them.

They are a public resource. What they do is available, and yet they are not really that well known.

If you were the public information officer, I would have some sharp things to say to you about that, because I really do think they are a national treasure, which is not known.

Mr. COLLAMORE. Actually, Mr. Chairman, I had the pleasure of going out there just within the last ten days. I had not the full tour, but about a half day's tour, which, as you know, does not allow you to see even the tip of the iceberg. But I found it very interesting and met, as you know, with some superlative people out there.

I am looking forward to returning and learning more about that.

Senator ROCKEFELLER. How did you get into this. I know you graduated with a "magna," which impresses me. But what did you major in?

Mr. COLLAMORE. In political science, sir.

Senator ROCKEFELLER. Political science. Then how did you get into administration?

Mr. COLLAMORE. Well, probably in the last four years, in the Vice President's Office, I went over as what they call the "staff secretary" or the "executive secretary," which handles the coordination of the paper flow and that sort of thing, and the organization of the office.

As time went on, as people left, I picked up other responsibilities, which included administration of the office, the budget, which, at the White House, is three different budgets for that particular office, and the personnel systems. I enjoyed it very much, trying to make what was a tough environment for most a little bit better. When this opportunity came along to go back to Commerce where I had been before and where I had a good knowledge of the department, and to serve with Secretary Mosbacher, I jumped at it.

Senator ROCKEFELLER. Did he ask you to serve with him?

Mr. COLLAMORE. Well, the President suggested that it would be a good idea, and I went and talked with him, and he agreed.

Senator ROCKEFELLER. It's interesting the way that works, isn't it, because if I were a Cabinet officer, I would want exactly who I would want. I mean, that is such an extraordinarily difficult position to have, to be a Cabinet officer. You really do want to have your own team. Then you conflict with the Office of Personnel Management and I guess the White House because then there are certain requirements, and that is just standard.

In your case, I think it works out very well, but sometimes it doesn't. Sometimes it does not. Sometimes somebody who is clearly a superior person or who has a long-time connection to a Secretary and, therefore, would just seem to be really in the Nation's interest

does not fulfill other requirements that come from pressures, et cetera, out of the White House.

That is the way the system works, and I think by and large it works fairly well. In your case, I am sure it will work extremely well.

I don't have any more questions. I think that neither of you is going to have any trouble in this Committee at all, and I don't think either of you is going to have any trouble on the floor of the Senate.

I hope that we will act very quickly so that you can get on the job, both of you.

Mr. COLLAMORE. Thank you, Mr. Chairman.

Senator ROCKEFELLER. Thank you, and thank you, Dr. Darby, and Jaye, and David. Thanks for being here.

This hearing is adjourned.

[Whereupon, at 11:17 a.m., the Committee adjourned, to reconvene upon the call of the Chair.]

NOMINATIONS—MAY-JULY

TUESDAY, JUNE 13, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings (Chairman of the Committee) presiding.

Staff members assigned to this hearing: Pat Windham, professional staff member; Loretta Dunn, staff counsel; and Ruth Johnson, minority professional staff member.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. Good morning, and welcome to today's hearing on the nomination of Thomas J. Murrin of Pennsylvania to be Deputy Secretary of Commerce.

Mr. Murrin comes to this position after a long career as an engineer and senior executive with Westinghouse. He also has served as a prominent government advisor, heading both the Defense Manufacturing Board and the Board of Overseers of the Commerce Department's Malcolm Baldrige National Quality Award.

Mr. Murrin has been nominated at a pivotal time in the history of the Department of Commerce. Now, more than ever, the Department has the mission and formal authorities to fight for American business. And the need is great in this era of intense competition from the concerted efforts of government and industry in other nations. I hope that Mr. Murrin can help Bob Mosbacher and the President to develop a sound, realistic strategy to get the Commerce Department back into commerce, back into promoting American business.

This morning, Senator Heinz and Congressman Coyne will introduce the nominee. We welcome all three of you and invite the distinguished Senator from Pennsylvania to begin the discussion.

We are awaiting Congressman Coyne's attendance. I have Thomas Jefferson here, my quorum.

Senator Heinz, Mr. Murrin, we welcome you both. We are pleased to have Senator Heinz present you here this morning. We welcome you to the committee.

STATEMENT OF HON. JOHN HEINZ, U.S. SENATOR FROM PENNSYLVANIA

Senator HEINZ. Mr. Chairman, thank you very much. It is a pleasure to be here with you and Senator Danforth to introduce

Mr. Tom Murrin to your committee and to strongly support his confirmation as Deputy Secretary of Commerce.

I have known Tom for a long time, of course, and we are very proud that he is a Pittsburgher. We know he will make a positive contribution to this country. It is a time of great opportunity.

And if I may say so, his nomination by President Bush is a very fine choice, indeed. And the reason is Tom Murrin's capacity to manage change. Our world is becoming something like that global village that Marshall McCluhan wrote about so many years ago. New technologies and new economic relationships are sweeping winds of change around the globe. We see it in China. We see it in the Soviet Union, the Pacific Rim, Europe, the Americas, both political and economic change, both good and bad. But whether we like them or not, those winds are remaking the world and they pose challenges to every aspect of our foreign policy and particularly in our area of economic relationships.

While the domestic concerns of the Commerce Department remain important, decisions made there will be driven increasingly by what is happening abroad. I have some ideas, of course, as we all do about what to do about those challenges, but I am also one of those people who wouldn't claim to have all the answers. And, indeed, we shouldn't expect to find people with all the answers. But what we can do—and this is why Tom Murrin is important—is to find people who have the experience and knowledge to help this government arrive at the right balance of interests. And I believe President Bush has found that kind of person in Tom Murrin.

Like many of us in Congress, Tom has looked at the changes in the world. We are concerned in the Congress about America's position for technologies of the future, like HDTV. For 25 years, beginning in 1952 when Westinghouse hired him as an engineer, Tom has worked in the world of technological innovation. As President of the Energy and Advanced Technology Group from 1983 to 1987, Tom shaped the policies that kept Westinghouse a world leader in defense, aerospace and electrical energy systems.

We are concerned here in the Congress about the conflicting interests at stake in the transfer of technology. For the past several years, Tom has been a member of the Secretary of Defense's Defense Policy Advisory Committee and chaired the subcommittee on trade relations with Japan. He has also been a U.S. delegate to the NATO Industrial Advisory Group in Brussels.

We hear that America is losing her competitive edge in manufacturing. Tom not only has hands-on experience at Westinghouse, he also served on the President's Commission on Industrial Competitiveness.

And he is serving as a member of the national board overseeing "Cities and Schools," an organization trying to solve the school dropout problem. Certainly an educated and skilled work force starts with keeping kids in school.

The Energy and Advanced Technology Group at Westinghouse controlled some $5 billion in annual sales, Mr. Chairman, and managed about $800 million of research and development expenditures. As principal deputy at Commerce, Tom will be called upon to fill in for the Secretary, and with that management background, Tom

will make sure the Department runs smoothly and carries out its functions in a superb and superior way.

I might tell you that Tom has been an absolutely spectacular, valued, important civic leader in our hometown of Pittsburgh, particularly in the university community where he has served, among other things, as a professor of technology and management at Carnegie Mellon University and as chairman of the board at Duquesne University since his retirement from Westinghouse in 1987.

Mr. Chairman, I think you and the committee will find him a very thoughtful, experienced man, also one enthusiastic to come to grips with the challenges we face as a nation. So, it is a privilege for me to introduce him to you today.

The CHAIRMAN. Very good. With that glowing introduction, you make us think he ought to be a Senator.

Senator HEINZ. Mr. Chairman, don't stir up any trouble.

The CHAIRMAN. Thank you very, very much, Senator Heinz. We really appreciate it. Senator Danforth and I have had a chance to review Mr. Morrin's record and the reports, and I am confident we both agree with that introduction.

Mr. Murrin, we welcome you and we would be glad to hear from you at this time.

And, Senator, if you have to get to another hearing, like we always do, we understand it. Thank you very much.

We will yield to Mr. Coyne if he comes.

Mr. MURRIN. Thank you very much, Mr. Chairman. If I may thank Senator Heinz for appearing here. I obviously appreciate that very much.

The CHAIRMAN. Yes, sir.

Mr. MURRIN. My wife happens also, sir, to be behind me, and I would like to recognize Dee being here. I'm sure, as always, she is praying for me at the moment.

I do have a short statement, Mr. Chairman, if I may read that please.

The CHAIRMAN. Surely.

Well, here we have Congressman Coyne here. Maybe you can wait and we will hear from the distinguished Congressman.

STATEMENT HON. WILLIAM J. COYNE, U.S. REPRESENTATIVE FROM PENNSYLVANIA

Mr. COYNE. Thank you very much, Senator. I apologize for being late.

I am honored to be here with Tom Murrin today and to recommend him for this appointment as Deputy Secretary of Commerce. I think he would bring great expertise to the Department based on his impressive record as a business person in Pittsburgh, which I represent.

I would like to talk briefly about his community involvement in the City of Pittsburgh and in Pennsylvania. He serves as chairman of the board of Mercy Hospital, which is an inner-city hospital in Pittsburgh; and as chairman of the board of Duquesne University which has provided educational opportunities for many, many people over the years.

A man of Tom's expertise and talent would serve this government well. This is especially valuable at a time when we are having some difficulty persuading qualified people to work in some of the high-level executive positions in the government. I want to recommend Tom unhesitatingly and hope that he will be recommended by the committee and confirmed by the Senate.

Thank you very much.

The CHAIRMAN. Well, we thank you. We appreciate it very much.

[The biographical sketch and prehearing question follow:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
BARRY M. GOLDWATER, ARIZONA
WENDELL H. FORD, KENTUCKY
J. JAMES EXON, NEBRASKA
ALBERT GORE, JR., TENNESSEE
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
LLOYD BENTSEN, TEXAS
JOHN F. KERRY, MASSACHUSETTS
JOHN B. BREAUX, LOUISIANA
RICHARD H. BRYAN, NEVADA
CHARLES S. ROBB, VIRGINIA
JOHN C. DANFORTH, MISSOURI
BOB PACKWOOD, OREGON
LARRY PRESSLER, SOUTH DAKOTA
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RALPH B. EVERETT, CHIEF COUNSEL AND STAFF DIRECTOR
WALTER B. KELLEY, JR., MINORITY CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: MURRIN (Last) Thomas (First) Joseph (Other)

Address: 8077 Domar Court (Current residence), Pittsburgh, Pennsylvania 15237
Westinghouse Building - Gateway Center (Business), Pittsburgh, Pennsylvania 15237

2. Position to which nominated: Deputy Secretary of Commerce
Date of nomination: May 31, 1989

3. Date of birth: April (month) 30 (day) 1929 (year)
Place of birth: New York, New York

4. Marital status: Married
Full name of Spouse: Marie Coyne Murrin

5. Names and ages of children: Kathleen Ann Murrin - 36; Theresa Louise Murrin - 29; Jeanne Marie Wilkinson - 34; Margaret Heidi Murrin - 27; Mary Ruth Murrin - 32; Thomas Joseph Coyne Murrin - 25; Cecilia Joan Minnock - 31; Claire Marie Murrin - 20

6. Education

Institution	Dates attended	Degrees received	Dates of degrees
Fordham University	9/47 - 6/51	B.S.-Physics	1951
Cardinal Hayes High School	9/43 - 6/47	High School Diploma	1947

7. **Employment record:** List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From ___ To ___ Name of employer ___ Address ___ Type of work ___

SEE ATTACHMENT A

8. Government experience: List any experience in or direct association with Federal, State, or local government, including any advisory, consultative, honorary, or other part-time service or positions.

Chairman, Defense Manufacturing Board of the Department of Defense.

Chairman, Board of Overseers of the Malcolm Baldrige National Quality Award of the Department of Commerce.

Consultant, Department of Commerce

1983-1984 President's Commission on Industrial Competitiveness.

9. Political affiliations activities: List all memberships and offices held in, or financial contributions and services rendered to all political parties or election committees during the last 10 years.

SEE ATTACHMENT B

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships and any other special recognitions for outstanding service or achievement.

Encaenia Award - Fordham University (1956)
Westinghouse Order of Merit - Westinghouse Electric Corporation (1968)
Annual Achievement Award in Business - Fordham University (1976)
National Leadership Award - American Productivity Center (1981)
James Forrestal Memorial Award - National Security Industrial Association (1983)
Election to the National Academy of Engineering (1985)
Manufacturing Management Award of the Society of Manufacturing Engineers (1986)
Hall of Fame - Cardinal Hayes High School - (1988)
Honorary Degree of Doctor of Management Science - Duquesne University (1989)
Excellance in Manufacturing Award - National Security Industrial Association (expected June 6, 1989)

ATTACHMENT A

02/83 - 12/87	President Energy & Advanced Technology Group Westinghouse Electric Corporation Westinghouse Building - Gateway Center Pittsburgh, Pennsylvania 15222
09/74 -02/83	President Public Systems Company Westinghouse Electric Corporation Westinghouse Building - Gateway Center Pittsburgh, Pennsylvania 15222
06/71 -09/74	Executive Vice President Defense and Public ion Systems Group Westinghouse Electric Corporation Westinghouse Building - Gateway Center Pittsburgh, Pennsylvania 15222
06/69 - 06/71	Executive Vice President Defense Westinghouse Electric Corporation 3 Gateway Center Pittsburgh, Pennsylvania 15219
6/67 - 12/68	Group Vice President Aerospace Defense and Marine Divisions Westinghouse Electric Corporation 3 Gateway Center Pittsburgh, Pennsylvania 15219
02/65 - 05/67	Vice President, Manufacturing Westinghouse Electric Corporation 3 Gateway Center Pittsburgh, Pennsylvania 15219
11/63 - 01/65	General Manager Motor & Gearing Division Westinghouse Electric Corporation 4454 Genesee Avenue Buffalo, New York 14240
06/63 - 11/63	Manager, Motor Operations Westinghouse Electric Corporation 4454 Genesse Avenue Buffalo, New York 14240
06/62 - 06/63	Engineering Manager, Motor & Gearing Division Westinghouse Electric Corporation 4454 Genesee Street Buffalo, New York 14240

10/61 - 06/62 **Manager, Manufacturing Planning**
Westinghouse Electric Corporation
4454 Genesee Street
Buffalo, New York 14240

10/59 - 10/61 **European Manufacturing Representatives**
Westinghouse Electric Corporation
3 Rue du Rhone
Geneva, Switzerland

01/58 - 10/59 **Superintendent of Factory Planning**
Athens Transformer Division
Westinghouse Electric Corporation
Newton Br. Rd
Athens, Georgia 30607

06/55 - 01/58 **Superintendent of Factory Engineering**
Sharon Transfer Division
Westinghouse Electric Corporation
Sharpsville Avenue
Sharon, Pennsylvania

04/52 - 06/55 **Materials Engineer**
Transformer Division
Westinghouse Electric Corporation
Sharpsville Avenue,
Sharon, Pennsylvania

06/51 - 04/52 **Graduate Student Training**
Westinghouse Electric Corporation
Ed Center - Ardmore Boulevard
Pittsburgh, Pennsylvania 15221

06/50 - 09/50 **Soda Jerk at Addie Vallins/Elevator Operator**
at Roosevelt Hotel
Madison& 44th Street
New York, New York

06/49 - 09/49 **Clerical**
Biltmore Hotel
Madison & 43rd Street
New York, New York

06/48 - 09/48 **Clerical**
Biltmore Hotel
Madison & 43rd Street
New York, New York

06/47 - 09/47 **Clerical**
Stock Clearing Corporation
Wall Street
New York, New York

ATTACHMENT B

Westinghouse Electric Political Participation Program - $1,250
Reagan-Bush Compliance Fund - $600
Allegheny County Republican Fund - $400
McCandless Republican Committee - $15
McCandless Republican Committee - $10
Westinghouse Electric Political Participation Program - $800
McCandless Republic Committee - $10
Westinghouse Electric Political Participation Program - $1,000
McCandless Republic Committee - $15
Westinghouse Electric Political Participation Program - $1,500
Republican State Committee of PA - $50
Republican Finance Committee of PA - $50
Citizens for Arlen Specter - $300
McCandless Republican Committee - $10
Westinghouse Electric Political Participation Program - $1,500
Keep Superior Court Judge Justin M. Johnson - $50
Hospital Association Political Action Committee - $35
McCandless Republic Committee - $15
The Fund for America's Future -- $5,000
Westinghouse Electric Political Participation Program - $1,500
Republican State Committee of PA - $15
Westinghouse Employees Political Participation Program - $1,500

Senator Kerry

Question:

In light of such recent environmental occurrences as the hole in the ozone layer, acid rain, global warming and the Exxon Valdez disaster, I feel that it is now more important than ever that NOAA, the Nation's premier Federal agency for oceanic and atmospheric research, have at its disposal a modern and capable fleet with which to address these and other pressing environmental concerns.

Twenty two of the twenty three vessels comprising the current NOAA fleet are over twenty years old -- products of twenty year old technology. The average age of the fleet is 24 years old. This situation is not acceptable and must be remedied if NOAA is expected to meet its ever increasing legislatively-mandated obligations.

Will you support a plan to modernize the NOAA fleet over the next ten years such as in H.R. 897? If not, what level of support may we expect from you in remedying the deteriorating conditions?

Answer:

The Administration opposes enactment of H.R. 897.

NOAA is cooperating with other agencies through the Committee on Earth Sciences of the Federal Coordinating Council for Science, Engineering and Technology, to assume new and important responsibilities resulting from the global climate change programs, coastal ocean programs, arctic research programs, and programs involving cooperation with and use of the planned Earth Observing System. All of these programs will require significant ship support and capability. These programs are evolving so quickly that NOAA is just now reviewing the long term ship support needs of the programs and incorporating those needs into a program driven Fleet Plan.

To date, our planning activities have involved a service of life extension analysis for the existing fleet and development of specific instrumentation requirements for the NOAA Fleet. Our next stage will be to develop an overall NOAA Fleet Modernization Plan. We will complete the plan in a timeframe that will permit reasonable incorporation of these developing major initiatives in environmental studies and we will forward it to the Committee.

STATEMENT OF THOMAS J. MURRIN

Mr. MURRIN. Thank you, Mr. Chairman.

It is truly an honor to appear before this committee as the President's nominee for the position of Deputy Secretary for the Department of Commerce. If confirmed as Deputy Secretary, my primary responsibilities will be to serve as principal advisor to the Secretary and to act as the Department's chief operating officer, providing oversight and guidance for its day-to-day operations.

I am truly very enthused about the possibility of putting into practice many of the beliefs I have held about American industry. And I would like to briefly share some of these with you now.

I believe that our country is engaged in two worldwide competitions which are like two simultaneous super, Super Bowls. One is our military and political competition with the Soviet Union. The other is the industrial and commercial competition that we face in the international marketplace. Both of these contests are still in progress, and their outcomes will greatly influence our national security and our personal standard of living.

Without minimizing the importance of the service industry to our economic health, manufacturing is central to the viability of our Nation. Professor Paul Kennedy, in his book The Rise and Fall of the Great Powers, writes—and I quote—"All of the major shifts in the world's military-power balances have followed alterations in the productive balances. This has been confirmed by the outcomes of the major Great Power wars where victory has always gone to the side with the greatest material resources." He further writes: "War, or the very possibility of war, makes the establishment of a manufacturing power an indispensible requirement for a nation of the first rank."

Given the significance of manufacturing, I believe it is prudent to ponder the key factors which determine its competitiveness. According to the President's Commission on Industrial Competitiveness, on which I was privileged to serve, it was concluded that four of these key factors are: first, priorities, policies and procedures; second, human resources; third, technology; and fourth, cost of capital. I would add a fifth, sustained quality and productivity improvement.

U.S. industry faces a serious challenge, for example, with our relatively high cost of capital. In their notable article on competitiveness in a recent issue of Science, the authors opine that productivity improvements crucially depend on capital formation which, in turn, is much influenced by the cost of capital. They observe that in 1985 when American firms had a real cost of funds of about 6 percent, Japanese firms had a real cost of funds of only about 1.5 percent. This means that a U.S. firm should be willing to undertake a project only if the payoff comes in less than three years. This contrasts with the Japanese being able to use a payoff period of about 12 years.

Despite such competitive challenges, I believe we can and must make tremendous improvements in our international competitiveness. And I would like to very briefly outline five simple but significant suggestions for making such progress.

First, we must assure that global competitiveness and world-class manufacturing are top priority objectives for American industry.

We must increase our efforts to better educate and motivate our people.

We need to more effectively apply advanced technology to manufacturing.

And fourth, we must imaginatively seek lower cost sources of capital while aggressively justifying new investments.

We can do this in part by anticipating the financial benefits of greatly improved quality, radically reduced inventory, building and equipment, and the much more rapid commercialization of new products and subsequent response to changing customer demands.

Finally and very importantly, we must sustain quality and productivity improvement. I believe that the Malcolm Baldrige National Quality Award, whose board of overseers I chair, is a very positive step in promoting quality and productivity in American industry. The National Quality Award recognizes excellence in several key criteria ranging from leadership through human resource utilization and highlighting customer satisfaction.

In closing, I believe my business and public service experiences have provided me with a broad background which will be useful to the President, to Secretary Mosbacher and to the Department. I have had opportunities to work with the Department in the past and am becoming familiar with its functions and operations. I have served as a consultant there, as well as a member of two advisory committees associated with its mission. If reported favorably by this committee, and if confirmed by the Senate, I will do my utmost to carry out my responsibilities as Deputy Secretary of Commerce.

With that, Mr. Chairman, I welcome your questions, sir.

The CHAIRMAN. Very good, Mr. Murrin.

Studying your record, I noted that when you were working with Westinghouse in Buffalo, I was working with Westinghouse in Pittsburgh. I used to weigh about 25 to 30 pounds more eating in that Duquesne Club.

We now have five Westinghousers out. I had Cresap, McCormick and Pagett restructure South Carolina's higher education, elementary and secondary schools, the tax commission, and the ports authority. We went right on down the various entities of government and cleaned it up. And as you well know, when Cresap made the study for Westinghouse, they said if he was so smart, why didn't he do it. So, they made him chairman of the board.

I only mention that experience so we will both know each other a little bit better.

I found out in South Carolina 30 years ago I never was going to catch up with Missouri unless I could do a lot of these things that are described in glowing terms about quality, about education and everything else. And they are all right on the mark.

One word would sum it up, "government", which is totally a no-no in your particular executive department now. And that is one of the big things we need to change and which I am confident you can help us change. We need to become realistic and not to bash Japan, not institute a MITI, but to get off our insistence of free-market trade. Let's not start a trade war.

My colleague, Senator Danforth, has heard me say that the first bill that passed was a tariff bill of 50 percent on 60 articles. You see, the British wanted us to have free trade, but our Forefathers Madison, Hamilton and Jefferson told them to bug off, that we were not going to remain a colony. And we used the government, and we started a trade war. And at the end of World War II, we were looking—I'm quoting from Paul Kennedy's book The Rise and Fall of Great Nations—for democratic, free, open societies, but we also were also looking for markets.

And so, we sent Westinghouse overseas with the technology and with the equipment. And we succeeded with the Marshall Plan. We helped to develop capitalistic competitive enterprises in enterprising nations in the Pacific Rim and in Europe. But they now have used their government to such an extent that we cannot ignore it.

The comparative advantage—if you studied economics 101 and today's graduate courses—I see you are chairman of the board there at Duquesne—you would put government as the comparative advantage.

I used the government. I found out I did not have any skills in my State, so I paid for training. Then I went up to Ohio and Connecticut, gleaned the better elements of both. Now we don't worry about getting a Westinghouse or a Digital or Minster of Ohio to make robots or a Timken or any of other particular sophisticated machinery. I don't worry about getting those because I can put them in the black in a short period of time quicker than you can anywhere else in the country.

So, we used the government to provide and pay for the basics. We established a business development corporation to finance the institution of industry. Now it is emulated by Jimmy Blanchard up in Michigan and they have a $350 million kitty.

Now, I used to clean Michigan's clock. Soapy Williams wasn't worried in that day and age about industry, so I could sneak up there and bring them down to South Carolina. And I didn't give them barbecue and liquor. I gave them productivity and put them in the black and provided skilled workers. Now Michigan has, of course, awakened and they are doing the same thing.

So, we got the financing with government. We got the skills with the government. We got the promotion of exports. We long since have promoted exports on our own. And we bought an airplane from Mrs. Beach out at Beachcraft, an old used thing. And we used to travel north. And then Luther Hodges went to Europe. I went to Latin America. Then we both duplicated each other.

And today you will find that more and more governors and states have offices in downtown Tokyo than they do in downtown Washington because they have a better chance of getting something done. All you get up here is rhetoric.

And we have abolished all the different programs. That started some nine years ago when the idea that the government was the problem, not the solution became rampant. Federalize it, get rid of it, send it back, get rid of it, abolish the Department of Education. Now we have administration witnesses talking about it. We have a President saying he wants to be an education president.

Abolish the Department of Energy. Now we have a President—yesterday he has an energy and a clean air policy and everything else.

But using that litany and sing-song of get rid of the government, cut its resources, it's readily transferred to that free market-free market is nonsense. And, yes, the free market is good for the domestic. We have antitrust where we do not have price-fixing. We have, for example, in this committee the Federal Trade Commission and other things to protect competition in our domestic market.

Not so in the international market. They are "pro-trust" as you well know not "anti-trust" as we are. You have worked overseas in the Pacific Rim.

And with that background, I hope you believe as I do, that unless and until we can begin to judiciously try to enforce our laws and have a coherent policy, we are not going to get anywhere.

I guess it was best put by FDR in the days of the depression. In order to keep the banks open, he closed the doors. In order to save the farms, he plowed under the crops. And today in order to remove a barrier—everybody wants free trade. That is the goal, just like peace. The best way to preserve peace is prepare for war. The best way to remove a barrier is to raise one and remove them both. Market forces operate in politics as well as in economics.

So, when you are presenting the significance of manufacturing in your statement you mention first, on the first page, material resources. I am glad you started with "makes the establishment of a manufacturing power an indispensible requirement for a nation." We have long been saying that. We are glad to see you write it. You cannot maintain your position as a world power unless you can produce glass, rubber, steel, aluminum. You can't deliver wheat on an optic fiber. All that is service economy.

You see, we have been lectured by the Ivy League crowd. You have the smallest, beautiful service economy. You have to understand your politicians. You are not supposed to produce anything.

Now we have a cabinet officer coming forward—thank heavens for you—and saying we have to be able to manufacture. In fact, 80 percent of our exports are manufactured products. Reliance on banking and insurance is not the future for the U.S. economy. You can buy a computer and punch out the interest costs and everything else anywhere. We don't have any advantage in services. In fact, we have a disadvantage because we believe in a standard of living that sustains those service salaries.

But when you get down to three key factors, priorities, policies and procedures, number one, you should understand we don't have a policy. We have an affirmative action plan against a trade policy. Free market-free market, get the government out of it. We don't have a policy.

We just debated FSX here two weeks ago. We had three departments say one thing; we had three other departments of government say the other. I can't tell you today what the policy is.

And I want you to know what you have fallen into. It was like Harry Truman at the end of World War II. He couldn't make any sense out of foreign policy. Bill Casey from OSS would come up and tell him one thing, and the State Department said, oh, no, the

policy is otherwise. Defense would say, no, you have to do so and so, for our national security. So, he said I'm going to put you fellows down in the cellar right underneath me, and you hammer it out and come up here with two or three alternatives, and I'll make a decision. And by executive order, he instituted the National Security Council with Defense, State, all the different departments and intelligence service.

And out of that, of course, we got the Truman Doctrine, the Atlantic Charter, the North Atlantic Treaty Organization, the Marshall Plan. The visionary foreign policy of the modern day U.S. was done by a little President who went broke in the haberdashery, but he knew how to make a decision and how to correlate and coordinate.

You come to an arena that does not want to coordinate and correlate. By the time Carla Hills think she has control, Treasury also is in control. And by the time Treasury has control, the State Department also has it. And when the State Department thinks it has control, the Defense Department is over there doing it. And when they are all into that, somebody else is coming up with it. And that is the chaos that we have allowed to ensue.

We have recommended in the Finance Committee and in this committee that we institute something similar to a trade council or at least some coordination such as has been established for determining quality in the Baldrige awards. I wish we could just do it for policy. We don't have policy.

And you will be instrumental in trying to hammer that out. With your background and experience, you will have influence. With Secretary Mosbacher's background and experience and with his closeness to the President, maybe we can start getting a policy. We are ready to work with you on it.

On the cost of capital, that is our fault. We just haven't paid any bill.

But the main thing in there, in your list I would put government at the top. We have to use our government and particularly your Department.

Now, how do I say that? Number one, you have over there many tools you can use. One is the export sales price offset, the ESP, where the profit and sales cost are offset. And there is no industrialized, modern trading country in the world that doesn't do the same. But it has been a windfall politically—not the intent of Congress. We tried to change that in the Omnibus Trade Bill. We got a 98 to nothing vote on the floor of the Senate, but the administration said they would veto it and so we left it out to get the bill signed. But it will be back. We are introducing it again.

But what it says in common parlance is that if you have an article that sells for $100 in Tokyo, you are supposed to sell it not less than $100 in Washington, D.C. Of course, you deduct the cost of insurance and freight.

But we deduct more than that. If it is a related party, we deduct the sales, promotion, television advertising, the salesman's salary and the profits. When you deduct all of that then we decide whether or not it is dumping. This really gives them a 20 percent advantage and that is how they get market share. So, that is why our

industry is going overseas. It pays you to get the dickens out of the country.

We have to get this reversed. If I take a case up to the Supreme Court, any ordinary case, the President doesn't have the power to reverse it. We have to remove the political reversal of decisions like in the Zenith case and the Houdaille case and all this. Why pay the Washington lawyers if it is only going to be politically reversed.

As a result, industry now is leaving to go to Mexico, Indonesia and elsewhere. I think there are 13 General Motors plants overseas. I know there are over a dozen General Electric plants in Mexico, what they call the Maquilladora. There are now over 2,000 American industries in Mexico. And they are going to continue to leave in spite of U.S. quality. But it is just the cost of doing business.

With respect to the 6 percent and 1.5, well, that is right. You have explained why the American businessman is not lethargic. He is not out on the golf course. You see, we governors at home never run around hollering our workers are incompetent or unproductive. We happen to know the most productive industrial work in the world still is U.S. Number two is the Netherlands. The Japanese are number eight.

But up here it is real chic to run around on the Senate floor and holler get off the golf course and why don't you work for the long range rather than the short range? Well, who in the world is making them do it for the short range other than we running up these deficits where we have a new interest cost hemorrhage of $20 billion to $25 billion per year? Every year we get a new spending program of at least 20 billion bucks interest just going right on up and up and away, additional interest on the debt.

World-class manufacturing. I was glad to see you mention that. "We must assure that the global competitiveness and world-class manufacturing are top" priorities, not just for American industry, for American government. That is right down our alley here on this committee. We are trying to get it built up.

Another thing you have over there, by the way, is non-market economies. The last administration was the first that came along and said we can't exact a countervailing duty, a section 201 case, against a non-market economy because we cannot decide the cost. You go to China. You have 1,200,000,000 people there, and you could go next door to Thailand and find out what the cost is there right in the same atmosphere, same climate, same culture in a way, and everything else of that kind. You have to be able to appraise the cost to assess the countervailing duty, otherwise they are going to dump like they are dumping Russian textiles on a dock in Charleston in my back yard. Am I going to compete for slave labor or communist labor? Is that the policy of our government or non-policy that says we cannot do it?

That is another one to note down. You need to get on to that one.

Advanced technology and manufacturing and the issue of commercialization. When Secretary Mosbacher and all of us were looking for someone to head up this new Technology Administration, you were there helping as a consultant with Secretary Verity. We

determined that, yes, we were winning the Nobel Prizes, but the Japanese were winning the profits.

Last year we took a page from agriculture and where 127 years ago they established the land grant colleges and the regional research and extension services and experimental stations. And if I wanted a victory garden, I could get the farm agent at 8:00 o'clock in the morning. And he would give me a soil test up here on Macomb Street where I live. And it has worked.

In a similar fashion, we don't want a MITI, and we can't and don't want to try to control our society like the Japanese do it. But in order to try to assist with the commercialization, we were putting out the regional, the technology transfer centers. We authorized 12. We went through the National Research Council for their recommendation and awarded three. And right now we do not have a request for any from your office or the administration.

Now, originally Secretary Mosbacher was looking for an Under Secretary, yourself, to head it up and found out you were even better. So, he said he better get this fellow in here and help run this whole department. So, we are still looking for that particular individual to run the Technology Administration. But I hope you will give it your constant attention there and your advice on how we can better develop it.

It is a good idea. It's supported by your National Academy of Engineering. Bob White has supported it. All the different elements of industry thought it was an excellent idea. It would allow for some small business loans and everything else of that kind. We need that kind of governmental participation, you don't want to come up and holler about "Uncle Sugar" and say that you want industry to do it all and rely totally on the free market. That is child's talk in this day and age, in this new era of international competition.

After World War II, we got our markets. We were fat, rich and happy, but now they have taken over from us. And we are trying to play catch-up ball. And unless and until we can get a government policy out to start instituting initiatives of this kind and to begin to enforce our laws, we won't succeed.

Put down another note to enforce our bilateral agreements which are supposed to be reviewed by your Department of Commerce. We started in 1981 with a $4.5 billion deficit in the balance of textile trade. That was exactly what they had in the EEC. They enforced their bilateral agreements. We met at the same time. In fact, we were delighted to meet with the other countries at the same time as our European friends because they would talk with our American businessmen. When they come out of the negotiations in Geneva at 6:00 o'clock, we would buy them the scotch and give them a little drink, and they tell us what is going. Our State Department, our government, wouldn't tell them what is going on or what is being negotiated.

But in any event, by enforcing their bilaterals, they have reduced their deficit in the balance of textile trade to less than $1 billion since 1981. We, in contrast, have gone up. Now our deficit is $24.5 billion—$24.5 billion. So, you can see where we are headed. And that program was supposed to keep out textile trade deficit level. So, we didn't enforce it.

You can see that I wanted to be heard more than you wanted to be heard this morning—for the simple reason that we come through with the fine words about competitiveness and we get all the commissions and we get all the talk about quality and, yes, the Federal Government finds that the state governments should take the lead in education and other areas. Really the primary issue up here is national defense. The primary issue back when we are in the states is public education. But Washington's leaders will always find it is somebody else's role.

We can help in higher education and we should, but we cut 500,000 students off student loans in the last seven years. We don't give it to them anymore. So, we talk about education, but we are eliminating them from the competition with our policies up here.

And more than anything else, help us get a trade policy and help us administer it.

If you would like to make any comment, I would be glad to hear it.

Mr. MURRIN. Mr. Chairman, I assure you I have been listening very, very carefully and that I will be influenced greatly by the wisdom you are sharing with me and the others. And I look forward to the opportunity of doing just that, sir.

The CHAIRMAN. Thank you, sir.

Senator Danforth.

Senator DANFORTH. Thank you, Mr. Chairman.

Mr. Murrin, I want to express the appreciation of all of us for your willingness to serve in this capacity. You have a distinguished career in business and we are fortunate that you are willing to do this.

I notice that you are blessed with eight children of whom the seventh is a boy, and that his name is Thomas. And I would like to know if he is named Thomas because your name is Thomas, or because you doubted you would ever have a boy.

Mr. MURRIN. Well, Senator, I was an only boy. I guess that is a real shortcoming. And so, when my dear wife Dee and I were married, I thought the good Lord would grace us with boys, and we had six daughters in succession. And when Tom finally arrived, he had to be named Tom I think.

Senator DANFORTH. We had four straight girls and then a boy, and guess his name.

I think the points that Senator Hollings made underscore the significance that we attach to American competitiveness. It is something that we have wrestled with. As Senator Hollings pointed out, there are differences of opinions within every administration about how America should become competitive, how America should operate in international markets.

Typically, as was the case with the FSX arrangement, there was a division within the administration. The same was true with the super 301 designations. Usually the State Department, the Defense Department, OMB, and the Council of Economic Advisers are arrayed on one side, and Commerce, Labor, USTR, and sometimes Treasury, are on the other side.

We cannot now, I do not think, predict precisely what the policies of the administration will be with respect to specific trade and

competitiveness issues. Indeed, it is early in this administration and problems will arise on a case-by-case basis.

But I think what we do hope for is that within the administration and at the bargaining table, as the positions of the administration are hammered out, the Commerce Department will be a strong and effective voice for American business. And I think that it has the potential to do just that, to develop the kind of expertise that no other department has with respect to business and commercial interests of our country, and to represent those concerns very forcefully within the administration.

I would like your general thoughts on what position you think the Commerce Department could take, what role the Commerce Department could play, with respect to advancing the commercial and business interests of the United States as we deal with the other countries.

Mr. MURRIN. Senator, one of the principal reasons why I am here seeking this position and seeking your approval and confirmation is that it is quite clear that the Congress and the administration is establishing on a much higher priority basis the matter of international competitiveness and global trade than seemingly has been the case for many decades. From a business perspective, this is something that I and other business people have been hoping would happen and, indeed, that seems to be happening. And I hope I can play a positive role in that regard.

Commerce has existed since 1913, as we know. I have done a little bit of research in preparation for hopefully joining that agency. And one of the things I have come across that I think is appropriate in response to your welcome question, sir, is the statement on the Constitution Avenue facade of the Hoover Building, which seems as timely today as when it was put there. And if I may read this short statement.

"The Department of Commerce assembles here the forces designed by Congress to advance the interests of industry and trade. Through experimental research, the dissemination of knowledge and administrative vigilance, it stimulates the progress of America upon land and sea and in the air and thereby speeds the Nation in the march of mankind."

Now, those are rather general comments, and I think you will appreciate my situation is such that I have to be general.

But I am greatly heartened by the priorities established in regard to trade and competitiveness. I am heartened by the perception that in both the administration and in the Congress we seem to be moving considerably more aggressively than earlier was the case. Commerce should have been playing and, indeed, is now committed under Secretary Mosbacher to play a key role in that regard. And I enthusiastically look forward to supporting the Secretary in this effort.

The CHAIRMAN. Thank you very much.

Mr. MUNIN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Burns.

Senator BURNS. Thank you very much, Mr. Chairman.

I too want to echo what Senator Danforth just said. We want to thank you for your willingness to serve in this administration in this high office.

I just have a couple of items here. Probably the most valuable part of your work experience should be noted, when you were a soda jerk at Addie Vallins at the Roosevelt Hotel in New York. That probably added more to your education than all the formal things that you have done since. All of us have gone through those stages, and I'm glad to see somebody come up the hard way. I appreciate that.

Manufacturing. I couldn't agree with you more in your statement. It seems like our manufacturing infrastructure has eroded in the last few years, and it has been done by the ability of our foreign competitors to outdo us in the area of competing for the world market.

Is there a reason why we let things get on the back burner in our manufacturing industry? We just sort of got lackadaisical. Was it the failure of American business, or was it a failure of government not to recognize early enough that our infrastructure was slipping away from us?

Mr. MURRIN. Senator, I think, as I am sure you know, it is a very complex situation, and there are a myriad of factors. We have become increasingly enamored of our scientific efforts. And, indeed, we still lead the world in that regard and hopefully will. And that has distracted us I think from the other end of the spectrum, the seemingly less glamorous and at times seemingly less important matter of translating science and new engineering know-how into manufacturing.

I think also we were enamored with the prospects, as the Chairman has pointed out so well earlier, of leaving domestic operations and going outside the country for lower labor in Mexico and elsewhere.

I think, however, it is now dawning on most of our American business people and, indeed, many of our discerning government leaders and academics and, indeed, our labor leaders that to stay preeminent both in terms of our standard of living and national security, we have to regain our first-class position in manufacturing. And I think that is happening, and I am quite encouraged it will continue to happen. What we have to do, I think, is to somehow accelerate the progress that we are making, increase our emphasis on quality and productivity, increase our investment in plant and equipment and manufacturing technology and do those sorts of things, sir.

Senator BURNS. You are right. You hit the nail on the head, that our foreign competitors are out-processing us. They can do it quicker. They can get a product on-line a little bit quicker than we can, but our technology is as good.

And I also echo the plea from our Chairman that we have to develop some sort of a trade policy. And it looks like we have created a U.S. Trade Representative, and that office is out there by itself. It sort of has quasi-cabinet level status. Then we have a Department of Commerce that interplays with the State Department in many cases.

Do we need some consolidation to get through this maze of developing an international trade policy?

Mr. MURRIN. Well, Senator, in industrial parlance, if you don't mind, I think that question is kind of out of my pay grade.

Senator BURNS. It may be.

Mr. MURRIN. I am hopeful, sir, that the interagency groups that have been formed will be effective in causing these agencies to come to consensus effectively. But it isn't until I get much more involved, if I get your approval, that I can answer that question adequately.

Senator BURNS. In your estimation, how important is it that we codify the laws to make a permanent tax credit for R&D, our research and development, for private enterprise?

Mr. MURRIN. I think, Senator, anything we can do to provide additional financial stimuli for research and development will be positive. Anything that can be done to help assure that that will be done on a long-term basis will be particularly helpful.

Senator BURNS. Thank you very much. And again, I congratulate you for wanting to work in this area because I think it is very important.

And I also want to just reiterate here that we have a Department of Commerce and improved technologies in communications and transportation in the very urban centers of the east. There is a lot of concern by us who live in the rural areas that some of this commerce should be spread over the country instead of concentrated. I would hope that you would have an ear for helping develop manufacturing in the areas where we have a labor force ready to go to work. It seems like we don't do a good enough job in attracting new businesses to the sparsely populated and remote areas. But I think the technologies of modern day are taking us into the mainstream. And I would hope that we would have a friendly ear and could solicit your help in some of those areas.

Thank you very much.

Mr. MURRIN. I can assure you you will have a friendly ear, and thank you for your comments, Senator.

Senator BURNS. Thank you, Mr. Chairman.

The Chairman. Thank you.

Senator Lott.

Senator LOTT. Thank you, Mr. Chairman.

And I would like to congratulate you, Mr. Murrin, on your nomination and also congratulate you for being able to get through the maze that got you to this point. It is obviously a real long, protracted investigation and background check and process you have to go through to get here. So, you have obviously already cleared a lot of hurdles, and we congratulate you for that.

One thing that does concern me—I think your background is certainly commendable both in business and public service. You have the kind of experience that will be very helpful, I would think, in the Commerce Department. But more and more it seems to me that if you are going to be at the very top levels of a department of government, you also have to have political experience or at least political sensitivity. Do you have that?

Mr. MURRIN. I hope so, sir.

Senator LOTT. Well, you have not been involved in politics directly.

Mr. MURRIN. Not in any extensive way, no, Senator.

Senator LOTT. I believe you describe in your statement that, in effect, you would serve as the "principal advisor to the Secretary and act as the Department's chief operating officer, providing oversight and guidance for day-to-day operations." That is no small undertaking, and it seems to me that the Department of Commerce has a lot it needs to do in that area, even to the point of answering mail, controlling the career bureaucrats, consulting on appointments with the appropriate Senate committees, things of that nature. Do you have any comments you would like to make on those points?

Mr. MURRIN. Senator, I understand those to be very important tasks, and I look forward to getting involved deeply with them. And I am optimistic that I can help manage those matters well.

Senator LOTT. Well, will you be involved in trying to fill out the vacant positions that you have at the Department?

Mr. MURRIN. Yes, sir. One of the things I have been doing behind the scenes informally is helping to interest outstanding talent, particularly in the key technology related positions. And we are guardedly optimistic that a great deal of progress has been made there that we haven't been able to report to you yet.

Indeed, a gentleman who looks to be a very strong candidate for the Under Secretary for Technology position is meeting today with Secretary Mosbacher. And we have had several sessions with that person. We think he is not only outstanding, but enthused about the possibility. And we hope we are making real progress there.

A similar situation exists with three or four of the other key positions that we have been working on, and I have been able, I think, to contribute a little bit in that regard, Senator.

Senator LOTT. This is June 13 I guess.

Mr. MURRIN. Yes, sir.

Senator LOTT. We are well into the first six months of this administration. You have an awful lot of positions vacant at the Department of Commerce, not just at the top, but all the way up and down the line. You need to aggressively pursue this I would think.

Mr. MURRIN. Yes, sir. We are working hard on this. It is one of the Secretary's top priority initiatives. We think we are in general making progress. It is a long, drawn-out process, as you have already observed. But I assure you we are working on it, sir.

Senator LOTT. But there are a lot of positions that you haven't even made a recommendation on. I mean, they can't even get started through the process until you make a recommendation. How long is it going to be before some of these important positions are filled? Another three months, four months?

If you haven't already recommended somebody for a key position, there is probably no way he or she could be approved before August at the earliest, more likely September.

Mr. MURRIN. Well, that appears unfortunately to be the reality in some cases. Without going into specifics with names, we anticipated your important question, and I have had arrayed for me the status of about two dozen of those key positions. The green bar, the longer it is to the right, suggests we are making a lot of progress.

In some cases, we have some pretty short bars. But we are working hard on this, sir.

Senator LOTT. Well, I wish you the best. I just want to point out that I think there is an urgency there. And it is not just Commerce, it is across the board. Some departments are doing a little bit better. I think you are only about the third Commerce confirmation hearing we have had, or fourth at the most?

Mr. MURRIN. There are a total, sir, if this tabulation is correct, of six confirmations and I hopefully will be number seven.

Senator LOTT. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Bentsen.

Senator BENTSEN. Thank you very much, Mr. Chairman.

Well, you withstood the frisk they tell me.

And I am delighted to see you here, Mr. Murrin.

I note that you have accelerated the payment of your taxes on Westinghouse stock and your pension and your stock options. That is pretty tough.

Let me give you some solace on that. When I came here, I owned a Texas savings and loan and a Texas bank, and I sold them. When I came here, it was one of the most fortuitous things that happened to me.

I thought there might be some perception of conflict of interest as a member of the Finance Committee. And I can't tell you how glad I am I did it.

So, it might work out just fine for you because I do not know what the future of Westinghouse or the stock market, either one, is.

The one thing I wondered about is really why you have to accelerate your pension and sell it in a lump sum. That is something that has accrued to you that is yours. I do not see how you could have a perception of a conflict of interest on that one. Are you satisfied you have to do that?

Mr. MURRIN. Well, I have been assured, sir, that I must do it. The logic that has been explained to me is that there is a plausible worst case scenario in which the corporation might go bankrupt, and in that regard——

Senator BENTSEN. They are really reaching.

Mr. MURRIN [continuing]. The funds would be jeopardized.

Senator BENTSEN. That is really reaching. I think that is an undue sacrifice to have to be made. I am sorry to see that pushed on you.

On one of the men who was before our Committee on Finance, we were able to get that one changed by talking to the ethics group in the White House.

Let me tell you insofar as sending people over. One of the things that you must do and really work at I think is to watch what happens with Europe 1992 as they bring it together. And as I was over there the other day talking to Mr. Delors—and I will be meeting again with him this afternoon—who is the President of the commission, I noted that when it came to the setting of standards for procurement which is a rather arcane area and requires technical expertise that Commerce didn't have anyone there. There is no one

representing Commerce at Brussels with the commission. And you ought to have two or three people.

I have talked to Ambassador Niles, who is the new ambassador who will be filling that position there, to urge very strongly that he makes room for people from Commerce. And I would urge you to follow up on that. I think it is awfully important as they work to set about those standards, that they not be tilted against outside competition as they can be. So, I would urge that one for you.

The other point, what you see over there now is they are talking about local content and domestic content. In England they are talking about 60 percent domestic content. You get into France, they are talking about 80 percent domestic content. That means 80 percent of all those parts in France have to be stamped made in Europe.

I was talking to a pharmaceutical company the other day, and they were telling me their problems of getting prices put on their products there, that they would have to spend so much in research in France, they would have to build a plant in France, they would have to share licensing in France before they could get that kind of a commitment. And that is sheer protectionism.

Now, they will talk about us being protectionist in our country, and to a degree that is true. But when it comes to comparing our country to the other major countries of the world on the question of protectionism, it is like this because we went ahead on 301 and filed against those countries that were the most egregious in protectionism and listed those things where they were protectionist. They, in turn, filed against us.

But you look at the things that they have filed on. One of them is a customs duty that we put on, a service fee, .17 percent, and they are objecting to that one. Obviously, it doesn't impede trade, and they use the same practice in France and the same practice in Greece.

We have one for the Super Fund, a tax on oil coming in, 3.5 cents a barrel on a $20 barrel. It adds up to $7 million.

So, what they have done is a litany of those things that are minute. It is minutia really, and there is really no comparison of the protectionism in this country and in the major countries of the world.

Now, I think that Secretary Mosbacher is off to a fine start. And he sounded off pretty strongly when he got up here, and I was delighted to see it. I have known him a long time. But I heard some of the fellows in the State Department say they are going to smooth the edges on him and make him understand what really are the problems of foreign policy. I just hope they don't smooth the edges on either one of you and that you continue to sound off about domestic production, industrial production, a diversified industrial base for our country and that you push economic nationalism.

I am delighted to see a man of your capabilities stepping into that position. I really have no questions of you, just to give you some of my concerns.

Mr. MURRIN. Thank you very much, Senator. I appreciate greatly your comments.

The CHAIRMAN. Mr. Murrin, those questions were very perceptive in emphasizing a need for our government. We have to have Commerce, as Senator Bentsen indicates, in on the act.

And there is no question what the Europeans are doing. After all, it is the political kind of entity, this EEC by 1992, and the local representatives will be trying their best to promote as we all do our particular economic interest in the content provisions that will remain as long as we just ask for gratitude. That is the American sort of smug—look, we rebuilt you in the Marshall Plan. We are defending you now in Europe. We are defending you over there in Japan. Play fair. Be fair, be fair and show some gratitude. That is nonsense. I never heard of a business being fair.

They make profit. I can tell you that right now.

And that is the time when the Europeans are going to respond. They are banding together because by the year 2000, the production or GNP of the Pacific Rim will exceed that of Europe and the United States combined. That is the kind of competition that they are trying to gear up against, and we are just beginning to talk about it and just beginning to get representatives in on the game to find out what is going on.

Specifically with respect to the technology and the National Institute of Standards and Technology, well, you know, resolved our Bureau of Standards into an Institute of Standards and Technology with an under secretary. Give us your comment on that particular endeavor. Do you support it?

Mr. MURRIN. I support it, Mr. Chairman, most enthusiastically. I have met quite a few of the people at NIST, and I visited some of their facilities. And I must say I am very favorably impressed with the national resources we have there. As you well know, largely due to your leadership, they are already involved in some very significant efforts. And one of our top priority efforts, if confirmed, will be to build on that. So, I am very enthused about that, sir.

The CHAIRMAN. Very good.

I am too enthused about Secretary Mosbacher, but he was more or less blind-sided in a way having to give certain testimony on technology development and particularly high definition television at a recent hearing we had.

We in the political end over here have been trying to get Commerce into commerce. You have been an advisor and a consultant over in the Defense Department. I can sneak $30 million in there and research high definition television in Defense. I can't get a red cent out of Commerce. They talk all about vetoing when we talk about getting it in there.

The reason we find our IBM—and you will not find a more competitive business entity in the world than IBM, and one doing well overseas, as well as they can, as well as domestically—now, the reason they appeared is the electronic components inside the new TVs. Computer chips and otherwise that make up high definition television will ultimately make up computers.

And we have had American Electronics Association come up with a proposal, and we sort of heard the Secretary forced to make a rejoinder that we weren't going to have "Uncle Sugar". Come on. If I can get investment tax credits, I would put them in to help

level off that playing field because all that financing that you talk about, that capital advantage, is at the Bank of Japan.

In fact, they put a $500 million line of credit for the State of Michigan. They will finance anything you want. We do not go to Chase anymore or to Citicorp. I can go to downtown Tokyo for some kind of endeavor back in South Carolina and get quicker financing. They have all the money over there, and we have to begin to equalize that situation and study it carefully.

And I understand that in essence our economic security, as your statement emphasizes, is as important as our national security or military security. And in that light, we need to begin to get Commerce where Commerce belongs and to build up that manufacturing-industrial backbone once again to ensure our economic security.

I hope you will look at that closely because one way or the other, we have to make sure that we have the technology we need. They put $700 million into Japan's HDTV project, we put $30 million. And they are about three years ahead of us. And unless we get in there quick and make some kind of endeavor at a national level, then the die will be cast and they will have it. And we will all run around and tell you business fellows to get off the golf course and invest in the long range, and we all have to educate each other and go through that same old litany while we cut out monies for education and don't pay the bills and run up the interest costs so you can't finance anything else. But that act has been going on, and we are going to end up as a second rate entity like Great Britain, just a parliament, a bunch of media people and a bunch of politicians and nothing done.

So, look at that very carefully and help Secretary Mosbacher and the administration. I am confident, if they could understand it, they would realize that we are all on the same road and path together trying to rebuild our economic strength.

Senator Danforth.

Senator DANFORTH. Mr. Chairman, I appreciate Senator Bentsen raising a point that I had not realized. I am still not sure what the details are, but he raised the question, Mr. Murrin, about your accelerating the receipt of pension?

Mr. MURRIN. Senator, it will be necessary for me to lump sum the value of my pension. As you are familiar I am sure, on an actuarial basis they value your pension stream, take that in a lump sum and then invest it in my case in government securities. I have gone through that process.

I can't tell you how much I appreciate your interest in this personal matter. But I have thought it through. It seems that this is not an unfortunate time, as you made reference to your situation, sir, to be investing in Treasuries and the like, and I think it will work out okay. So, I thank you for bringing it up.

Senator DANFORTH. Well, it may work out okay, but the fact is that you have been told that that is the course that you have to follow in order to become a deputy secretary. And we have gone through a similar situation, as Senator Bentsen pointed out, in the Finance Committee.

In that case—this is public knowledge, isn't it?

Senator BENTSEN. Yes, sure it is.

Senator DANFORTH. Well, the Secretary of Health and Human Services, Secretary Sullivan, was the president of a medical school, and he had deferred compensation owing to him of, as I recall, something like $300,000. He was told by the administration that he had to give that up, funds that he had already earned. And he was told, you have to give that up. Why? Under what conceivable, bizarre interpretation of conflict of interest does somebody have to give up funds that he has already earned?

And now you were told that you have to accelerate receipt of pension.

Now, maybe this is a good thing for you to do. Maybe you would like to do it. But there is a larger interest, a public interest here, and that is that we in the government cannot say that the entry fee that people must pay for agreeing to come here is to give up financial rights and benefits that are already theirs. That has nothing to do, nothing remotely to do, with the conflict of interest. And it is destructive of government, and it is destructive of the quality of government for you to be told that this is something you must do.

Now, I do not know enough about the circumstances here, and I have not thought it through. But truly, I can't imagine any conflict of interest from having a pension due you. I just cannot imagine. You are retired from the company. Right?

Mr. MURRIN. Yes, sir.

Senator DANFORTH. And the pension is payable in cash?

Mr. MURRIN. Yes, sir.

Senator DANFORTH. And you have been told by the Commerce Department that to receive a pension is a conflict of interest?

Mr. MURRIN. Well, I may say, Senator, more than I am absolutely sure of. I think this, obviously, is a byproduct of the increased emphasis on ethics.

Senator DANFORTH. It is not ethics. You could have professors of ethics since the beginning of time give their views of what ethics is, and to say that this ridiculous requirement has anything to do with ethics is totally outrageous. It is unfair to you.

And it is not only unfair to you to make you go through this, it is bad for government. It is bad for government. It does not make for better government. It makes for worse government. It is a terrible, terrible precedent.

Can you think of any conceivable conflict of interest? Any? Just let your imagination run loose for a while and just try to explain how even an editorial writer for the most prissy of newspapers could claim that there is a remote appearance of a conflict of interest from being owed a pension.

Mr. MURRIN. Well, let me comment briefly, if I may, Mr. Chairman.

The CHAIRMAN. Surely.

Mr. MURRIN. The scenario I think is one that you could postulate as well as it has been given to me; as follows. The Corporation might be in jeopardy of bankruptcy. Given that, the pension would be in jeopardy. Given that context, if I was in a situation where I had to give a judgment relating to the industry or the Corporation, I may give the perception of being biased in my self-interest.

Senator DANFORTH. In other words, the Deputy Secretary of Commerce may hold in his hands the financial future of Westinghouse Corporation so that its potential bankruptcy is determined by you holding this job. It is whacky.

Mr. MURRIN. I have two quick comments, if I may. One is that prudently or otherwise, I have pondered the pros and cons of my own situation. I have gotten some professional guidance, and I am not, on-balance, uncomfortable proceeding. And frankly, after being 20 plus weeks in this overall process, I am anxious not to extend it.

I would say most respectfully, though, and constructively that if someone would like to counsel with me and have me share insights regarding the totality of the process and the implications for recruiting outstanding people to Government, I would be privileged to do that.

Senator DANFORTH. I would like that, and I would like you to do something else. This is only a hearing, and I am not sure when the executive session is going to be held, Mr. Chairman.

The CHAIRMAN. Next week. We are trying to report Mr. Murrin next Tuesday.

Senator DANFORTH. Good. I do not want to delay it one minute. But today is Tuesday, and you have a week. I just wonder if in the next couple of days you would ask—or somebody must be here with the Commerce Department—them to sit down and explain to me their theory of what constitutes a conflict of interest because I suggest that it is not your confirmation that is at stake. It is something much broader than that. And it has to do with whether in the name of some totally hairbrained interpretation of ethics, we are making people suffer economic consequences that are totally unnecessary and whether we are creating barriers to entry into government service.

We are lucky to have you. We are really fortunate to have a person of your achievement and your accomplishment go into government. And I am happy that this is working out well for you, but I think that this government should be populated by people like you. And I think that when we say to the Secretary of HHS you must give away $300,000 that are yours, cash, and then when we say to you that you must accelerate receipt of X number of dollars, several million I think, in pensions that are yours—that you have earned, a vested right—that really is a deterrent to people entering into government. And we cannot allow that to exist. We cannot allow that to exist.

I would ask you, Mr. Murrin, if you would please tell the Department of Commerce or whoever in the White House has suggested this approach that there is at least one Senator who thinks that this is wrong as a matter of principle and that this should be reviewed in the next couple of days. And if it is reviewed, we are not going to hold up your nomination because of it. At least I don't think we should. But if it is reviewed, we should be able to undo it in a couple of days. It shouldn't take forever. The administration isn't moving forward with nominations, so it has some time to do something and maybe it can address this.

The CHAIRMAN. Wendell, come here, Lawyer Willkie. Tell us what is happening over there.

Senator DANFORTH. Can you tell us about this?

The CHAIRMAN. For the record's sake, we have the general counsel for the Department of Commerce, Mr. Wendell Willkie III. And we welcome you.

Do you have a comment, Senator Bentsen?

Senator BENTSEN. Mr. Chairman, I'm the fellow that seems to have triggered this. Let me just, if I might, interject myself a moment here.

The CHAIRMAN. Sure.

Senator BENTSEN. What you are talking about, Mr. Murrin, and what the White House ethics group is talking about is the possible bankruptcy of Westinghouse and the ERISA provision and what you might do insofar as the pension. If that extremely unlikely thing happened, all you would have to do is recuse yourself from it. They are reaching too far.

Now, you say you are satisfied from a financial standpoint, and that is your decision, but if you are and if you are putting all into government bonds, you are really betting on the come insofar as what is going to happen on interest rates. I hope you have much more diversification than that.

But what Senator Danforth says, when we require people to go through that process, the vast majority of them would not make the sacrifice you are making for public service. I congratulate you on it, but the numbers of you have to diminish when you are faced with these kinds of choices. And it is outrageous.

Mr. WILLKIE. Senator, let me just say, and Senator Danforth, as general counsel of the Department of Commerce, I entirely sympathize with the sentiments that you are expressing here regarding the imposition on Mr. Murrin with regard to the management of his personal financial affairs and specifically the acceleration of his pension.

On this specific issue, Mr. Murrin's attorneys and I spent some three hours discussing this with the Office of Government Ethics—this and the other sacrifices that he was required to make to take this position. This is one of a number of extraordinary sacrifices that Mr. Murrin has made in order to be able to accept this position.

In any event, we debated this issue with the Office of Government Ethics for at least three hours, and their position was fairly absolute in these matters.

I might say that this took place in a context where the Secretary and Mr. Murrin envisioned his serving in a number of areas as Deputy Secretary where he could be making decisions which would have, obviously, an immediate impact upon his former employer. So, the idea was to avoid his ever being required to recuse himself from matters that might specifically affect Westinghouse.

But there is no question but that this works an extreme result. And we very much applaud and appreciate the sacrifices that Mr. Murrin is making as dictated by the Office of Government Ethics to accept the position.

Senator BENTSEN. Mr. Chairman, what is happening is they are so gun-shy over there that they are taking extreme positions because if they take those, they can't be criticized if something happens, you see.

The CHAIRMAN. Yes.

Senator BENTSEN. But what it is doing is affecting the quality of people that will serve in these positions, and it is bad.

Senator DANFORTH. This was a three-hour meeting, and your view is that they took an extreme position?

Mr. WILLKIE. Let me just say I think, to be quite candid about it, that this is not the only area where the interpretations which are today placed upon these ethics requirements are fairly extreme. But it is in a desire to avoid a situation of a subsequent news story where some reporter conjures up a conflict here.

Senator DANFORTH. That's right. The problem is the press can write a story. I don't mean to bash the press, but the problem is they can write a story in such a way as to create the appearance of a conflict of interest when anybody who would just sit down and think about it would say, well, wait a second. There can't possibly be a conflict of interest here.

Now, are we stuck? In other words, when the Office of Government Ethics says here is the requirement, that's it. I mean, they have the final say? Would we have to legislate to fix this problem?

Mr. WILLKIE. Let me just say—and I think we would be concerned as to the views of the Chairman on this, but I think if we were to go back to the Office of Government Ethics, should Mr. Murrin desire to do so, and say that the instructions that we are getting from the committee are that perhaps this is extreme, unwarranted, unnecessary, then should the question ever subsequently arise, we would be in a position to say, well, the committee had specifically blessed this.

Senator BENTSEN. Mr. Chairman, that is what we did in the Finance Committee on Dr. Sullivan. And we polled the committee, and they felt that it was an unwarranted sacrifice to be made. And we sent that information backing up that decision to the White House ethics group, and they changed their position.

The CHAIRMAN. If it pleases the committee, we will direct the staff to prepare a similar letter. And I am delighted to sign on to it because the point that both Senator Danforth and Senator Bentsen are making really affects the quality and character of the cabinet makeup.

I read yesterday there was another department that has interviewed 47 people to try to bring them on board. Well, if they are going through this nonsense, no wonder you can't get them. You have to get them super-dedicated like Mr. Murrin here before you bring anybody into government. And I think we ought to make a statement of the kind that you suggested. We would be delighted to do that.

I can tell from the tenor of Mr. Murrin's answers, you don't want to get involved in this.

You are not objecting, but you can see there is really a higher purpose in mind other than an individual confirmation here that we have.

Mr. MURRIN. Yes, sir.

Senator DANFORTH. Could this be done? This wouldn't take forever, would it?

Mr. WILLKIE. It will be the first phone call I make when I leave here, Senator.

Senator BENTSEN. I hope the phones are not busy.

The CHAIRMAN. Mr. Murrin, if we do this, do you object to us doing it? I know you would rather the case just lie and rest, I take it. But what we are trying to do is not just on your case. I think I would advise generally and refer to it. Is that right?

Senator BENTSEN. Yes.

Mr. MURRIN. Well, anything that can be done expeditiously on my behalf I obviously appreciate. I cannot tell you how much I appreciate what you are doing and saying here.

As to the more general question of attracting others——

The CHAIRMAN. You have that job. That is what you are working on right now.

Mr. MURRIN [continuing]. That is of paramount importance to our country. And I urge you to pursue that, more than I am. So, thank you very much for that interest and that leadership.

The CHAIRMAN. And we thank you very, very much for your appearance here this morning.

Mr. MURRIN. Thank you, sir, very much. It has been an honor to be with you.

[Whereupon, at 10:55 a.m., the committee was adjourned.]

[The following information was subsequently received for the record:]

POSTHEARING QUESTIONS OF THE CHAIRMAN AND THE ANSWERS

Question 1:

If confirmed as Deputy Secretary, what do you see as your most important responsibilities? With what issues will you concern yourself in the near future?

Answer:

Traditionally, the Deputy Secretary serves as the internal manager, or "chief operating officer", of the Department. If I am confirmed, that broad responsibility will involve me in a wide range of substantive program issues. Implementing and refining the goals of the President and of Secretary Mosbacher for the Department would require that I be active across the spectrum of Commerce programs.

I have been concerned for years as a private citizen with many of the issues that are so central to fulfilling the Commerce mission. The Department now faces a range of issues of vital importance to the Nation's economic welfare, and I am looking forward to the opportunity to contribute.

My particular interest has been in reinvigorating American industry to be globally competitive, and I expect to be heavily involved in the wide range of issues surrounding that topic. Commerce can play a key role in supporting industry application of advanced technology and modern management techniques. I also welcome the challenge of managing better our ocean and coastal environment, modernizing the weather service, conducting the dicennial census, assuring that our export control program balances economic and national security considerations, and revitalizing minority business programs, to name but a few.

Question 2:

How will you divide your time between internal Departmental administration and interagency matters? For example, do you expect to play a major role in Economic Policy Council reviews or other interagency deliberations?

Answer:

The line dividing internal Departmental administration and interagency activities is a difficult one to draw. I expect that my responsibilities for internal management will necessarily involve considerable interagency coordination. The close links between ITA's programs and the USTR, between Export Administration and DOD, and between NOAA's coastal ocean and global change programs and EPA and NASA are but a few examples.

Secretary Mosbacher has been an active member of the Economic Policy Council, and I expect to spend considerable time supporting him in that role. The recent debate over the U.S. role in the FSX fighter is a good example of the sorts of issues to which I can make a contribution.

Beyond the Economic Policy Council, I will be involved in interagency efforts to the extent they are necessary to achieve the broad objectives of the Administration and the Secretary. Achieving the full potential of the new Technology Administration, for example, will require extensive coordination between Commerce bureaus, as well as with other departments and the private sector. The problem of U.S. industrial competitiveness transcends the bounds of any single agency.

Question 3:

Do you believe that the Department of Commerce has a major role to play in decisions affecting the nation's economic security and national security? If so, what is that role? Do you agree with proposals to make the Secretary of Commerce a permanent member of the National Security Council?

Answer:

I believe that the Department of Commerce has, and is playing a major role in decisions affecting the nation's economic and national security.

The Omnibus Trade and Competitiveness Act of 1988 (OTCA) amends the Export Administration Act of 1979 (EAA) by consolidating all national security policy issues relating to the export of dual-use commodities and technology in the Department of Commerce, specifically the Bureau of Export Administration (BXA). Pursuant to the EAA, Commerce controls dual use exports for three reasons: national security, foreign policy and short supply. BXA reviewed and approved in 1988 about 100,000 individual validated licenses for the export of dual-use technologies, representing $100 billion in sales.

In addition, Commerce has the responsibility for analysis and regulatory action pertaining to the defense industrial base. BXA's activities in this area include the implementation of the President's machine tool program, the review of foreign investment in defense-critical industries, the review of the impact of offset agreements on the U.S. industrial base, and the impact of imports on the national security. A prominent example of BXA' s activities in this area is its ongoing involvement in the U.S. - Japan Memorandum of Understanding on production of the FSX fighter aircraft.

The proposal to make the Secretary of Commerce a member of the NSC is an interesting proposition. It is an issue I will discuss with the Secretary, who I'm sure will consult with the White House in the process of developing his position.

Question 4:

Do you believe that the U.S. Government has adequate resources in Brussels to keep abreast of EC 1992 developments? I understand that USTR has only one person at the U.S. mission to the EC in Brussels and that the Department does not have any staff there.

Answer:

I believe that the U.S. Government could use more resources on the ground in Brussels to keep the U.S. business community properly informed on 1992. I believe that resources deployed to deal with the EC's highly technical 1992 program must have the requisite commercial, regulatory and technical skills.

EC-1992 is among the Secretary's highest priorities and in support of his 1992 initiatives, Commerce is very interested in establishing several positions at the U.S. Mission to the European Community (USEC) in Brussels. We see a strong need for Commerce officers to work with business regulations coming out of the EC, to develop a dialogue on the hundreds of industrial standards being developed in regard to testing and certification of products, and to be the eyes and ears of small and medium size U.S. exporters who have no other way of staying on top of developments in the EC.

Question 5:

How is the Administration progressing in developing its policy to implement the President's commitment on steel?

Answer:

After numerous interagency meetings and written submissions by interested parties including consumers and producers, a report has been drafted by USTR for consideration by the Economic Policy Council.

I expect a final decision soon by the President.

Question 6:

I understand that the Department has solicited comments and is reviewing its operation of the trade laws within its jurisdiction, namely antidumping and subsidy cases. Will you be considering any changes in the Department's practice regarding ESP offset and profit?

Answer:

On various occasions, the Department has received comments on the ESP offset and deduction of profits. Most parties have argued that we should eliminate our practice of "capping" the offset, i.e., limiting the amount of the offset to the level of indirect selling expenses deducted from the United States price. Our current position remains, however, that elimination of the ESP offset and deduction of related importers' profits would unfairly skew antidumping calculations.

I rely heavily on advice from the Assistant Secretaries, and will look into this matter further. The Department will consider all views in promulgating any new antidumping duty regulations.

Question 7:

What statutory requirements should Congress consider to offer Commerce sufficient guidance to grant or deny trade zone and subzone requests?

Answer:

The statutory standard for approving general-purpose zones appears to be satisfactory. It calls for evidence of a need for zone services in the port of entry community involved and a suitable plan for providing zone services.

It is the Department's view that more precise criteria are needed with regard to authorizing manufacturing activity in foreign-trade zones and subzones. The present standard calls for an evaluation of whether the proposed operation is in the "public interest." This general standard gives interested parties broad latitude in presenting evidence to the Board as to the economic effect of activity for which there is foreign competition. In applying this general standard the Foreign-Trade Zones Board has considered the net economic effect of the activity in question and whether it is consistent with trade policy.

A statutory standard is desirable which enumerates the factors that should be considered by the Board in determining the "public interest," indicating the relative weight the factor should be given. In the meantime, we are proceeding with our plans to revise the Board's regulations. The rulemaking process will provide an effective forum for the consideration of the FTZ manufacturing issue with an opportunity for participation by all interested parties. We look forward to working with Congress on this matter.

Question 8:

What is your opinion of the so-called "Bryant" legislation which provides for registration and limited disclosure of foreign direct investment in the U.S.?

Answer:

In my opinion H.R. 5, the "Foreign Ownership Disclosure Act of 1989," introduced by Representative Bryant, would not contribute in any meaningful way to our ability to determine the extent and effects of foreign investment in the United States. The Commerce Department's Bureau of Economic Analysis (BEA) and other agencies already collect voluminous and sufficient data for statistical and policy analysis. The disclosure requirements contained in H.R. 5 would compromise the confidentiality of data for individual firms that is needed to maintain the integrity of BEA's and other agencies' reporting programs.

Moreover, under the Exon-Florio provisions (Section 5021) of the Omnibus Trade and Competitiveness Act of 1988, machinery exists to give special scrutiny to certain mergers, acquisitions, and takeovers of U.S. companies by foreign investors that might threaten to impair the national security.

By singling out foreign direct investors for special registration and disclosure requirements, this bill would constitute a sharp change in our open investment policy, would be inconsistent with our multilateral and bilateral investment negotiating objectives, and would discourage foreign investment in the United States. This would lead to slower economic growth, productivity, and job creation.

Question 9:

This country has a long history of attracting foreign investment -- starting, of course, at the beginning of the Republic and continuing through the 19th century, where foreign money helped to build America's infrastructure. Foreign investment is nothing new. However, the U.S. fell from its position as the world's largest creditor nation in 1982 to the world's largest debtor in 1986. This foreign money is coming in to mainly finance our budget deficits, our overconsumption, not to increase America's productivity.

What does this distinction mean for the future of this country? How long can the U.S. continue to finance its budget deficit with foreign capital? Does it concern you that experts estimate that the U.S. will be a net debtor to the tune of $1 trillion by 1990?

Answer:

According to official estimates, at the end of 1987 the net indebtedness of the United States to the rest of the world totaled $368 billion.* There are some grounds for arguing that the official estimates understate the true U.S. net asset position and therefore overstate our net indebtedness. Leaving this debate aside, two facts have to be kept in mind about our officially estimated net indebtedness position. First, in 1987 it amounted to only 8.1 percent of GNP. And second, the income required to service our external debt amounted to a quite small percent of GNP, probably not exceeding a percent or two.

While the trend of recent years in our net investment position justifies concern, what the above facts make plain is that it does not justify alarm.

For reasons quite independent of our international investment position, the United States must come to grips with the Federal deficit problem, increase its saving rate, and improve its international competitiveness. More favorable trends in our external accounts will follow from progress on all these fronts.

*The official estimates for 1988 will be published at the end of June 1989.

Question 10:

In the Foreign Commerce and Tourism Subcommittee's oversight hearings on the U.S. & Foreign Commercial Service (US&FCS), we have been continually searching for a way to measure the value of services the US&FCS provides. Do you have any suggestions?

Answer:

Honest evaluation of programs and services is critical to ensuring a quality product or service. ITA and the US&FCS, too, has been searching for the most accurate means of evaluating its effectiveness in serving the business community. Unfortunately, the most obvious measure, exports in dollars, is almost the most difficult to track. As a general matter, it remains easier to measure activities than to measure accomplishments.

Therefore, ITA has tended to rely on comparative measures for evaluation, for instance:

- There is evidence that more than 20,000 new companies have entered the export market in the last year.

- Participation by small and medium-size companies in US&FCS overseas events is up sharply. Based on profile data supplied by trade event participants, 67 percent more of these firms took part in events in FY 1988 than 1989. Many were attracted to low cost events such as catalog shows and matchmaker delegations.

- In FY 1988, a record 173,600 business people attended more than 2,700 domestic seminars, the majority of which were representing small and medium-size firms.

Question 11:

How would you compare the U.S. efforts towards exporting with those of our major trading partners?

Answer:

U.S. government efforts at export promotion differ somewhat from those of our trading partners for a variety of reasons.

- Differences in national laws, regulations, business cultures, and national philosophies about the proper role of government all shape individual national export promotion efforts.

- Virtually all governments, including the United States, engage in counseling individual exporters, providing trade information, and staging trade promotional events.

- Major differences occur in the use of government subsidies to aid individual export efforts. A number of our trading partners provide subsidies for export promotion. We do not.
- Many governments, including Japan, France and Sweden rely on a heavy central government role in trade promotion. In contrast, other nations, such as Germany, rely instead on quasi-public and private organizations (chambers, industry associations, trading companies). The U.S. appears to endeavor to strike a balance between the role of government and the use of "multipliers" to better encourage the American entrepreneurial spirit.

Question 12:

The Commerce Department strongly supported my Technology Competitiveness Act, which became part of the Omnibus Trade and Competitiveness Act of 1988. Yet the Department's FY 1990 budget request proposes no funding whatsoever for any of the new missions assigned to the National Institute of Standards and Technology (NIST). Has the Department reversed itself? What activities do you personally believe NIST should undertake? For example, will NIST's measurement services become more important if American firms increase their emphasis on quality?

Answer:

The Department has not reversed itself. The Department supports the objectives of programs such as the Manufacturing Technology Centers, namely strengthening the technology base of our small and medium sized manufacturing firms. The Secretary has already approved NIST's request to reprogram funds to prepare various reports and studies. However, the Department is currently in the process of reviewing the new authorities assigned to NIST by the Omnibus Trade and Competitiveness Act. Several of these programs present a dramatic augmentation of the Department's and NIST's role and relationship with industry, and we must be certain that our response is carefully thought through.

NIST has had a long-standing tradition of supporting the measurement needs of U.S. industry. I expect that activity to increase because of NIST's broadened role in enhancing the competitiveness of U.S. industry through measurements, calibrations, and quality assurance as detailed in the Technology Competitiveness Act. Process control and quality assurance are very measurement-intensive activities and industry relies on NIST to provide the research and related services that underlie and support their advanced production processes. In addition, the rapid pace of technology life cycles requires that NIST measurement research and standards be developed in advance of industry needs. NIST's FY 1990 budget request provides an initial response for technical support of industry needs for enabling technologies and quality assurance in the 1990's.

Question 13:

The President has not yet announced anyone to fill the new position of Under Secretary of Commerce for Technology. What problems have led to this delay, and when do you expect that the President will announce his selection?

Answer:

The delay in filling the position of Under Secretary for Technology has been due to an intensive search and interviewing process intended to produce a candidate with top notch academic credentials in tandem with senior experience in the engineering/manufacturing field. We have interviewed over a dozen strong candidates and hope to soon have a candidate presented for Presidential approval.

Question 14:

You have spent most of your career in manufacturing. In your view, why has much of American manufacturing fallen behind the level of quality achieved by Japan? What can the Department of Commerce do to help transfer the processes and knowledge underlying the current revolution in manufacturing throughout the entire U.S. economy?

Answer:

After many years of unquestioned scientific and technological leadership, U.S. industry became complacent. At the same time, our competitors worked very hard to develop and exploit technology in their industrial R&D and production processes. There is no reason the U.S. cannot again be at the top of the quality mountain, but it will not be easily done. Our competitors will not sit still and wait for us to catch up.

Another key to manufacturing products that will compete in world markets is to bring the design engineer closer to the manufacturing process. Products designs should include optimizing the manufacturability of the product. A more synergistic relationship between design and manufacturing also reduces the time it takes to get a new product to the marketplace.

Quality -- meeting customers' changing expectations in a competitive environment -- is never absolute. U.S. industry has suffered from defect rates in products and services that are several thousand times higher than the acceptable level for a "world-class" product. In addition our adherence to end-product, rather than in-process testing and quality control, has led to higher costs and lower productivity. U.S. industry has been slow to adopt new technology and practices that contribute only indirectly to new products, but which are critical to the achievement of quality.

The Commerce Department has the mission, the technology, and the experience to contribute to many parts of the solution. We must work closely with industry to transfer this information so that they can put the technology to work to achieve the highest quality levels. For example, the Malcolm Baldrige National Quality Award has become a vehicle for educating industry about successful quality strategies. More than 30,000 copies of the criteria have been requested this year alone. Firms have been stimulated to use these criteria for self assessment.

One of the most important factors in effective transfer of technology is the intensity and quality of interactions between the holder and the recipient of the technology. In fact, technology is most effectively transferred when these relationships are established

Question 14 (continued)

during the research phase, as opposed to after the research has been completed. To this end, the Department of Commerce can build upon the current practices of NIST. NIST interacts intensively with its industry clients, not only during the research stage but in joint planning during which research objectives and transfer mechanisms are established. NIST's use of "boards of assessment", participation in standards committees, etc. provide efficient mechanisms for technology transfer. The increased participation by NIST in cooperative research has furthered the development of these practices.

Question 15:

Do you agree with the Secretary that HDTV is an important technology and that the United States semiconductor and personal computer industries will suffer if American companies do not participate in this market? Also, when will the Secretary's Economic Policy Council group studying HDTV make recommendations to the President, and when can Congress expect to see those recommendations?

Answer:

I certainly do agree with the Secretary that HDTV is an important technology. HDTV is part of a larger group of imaging technologies which will drive the next stage of innovation in digitized information processing, high quality imaging and transmission media.

HDTV will affect not only the consumer video market, but also the future of many other industries--including semiconductors, computers, medical diagnostic equipment and a number of military applications.

American companies need to participate in HDTV to get down the price and learning curves. HDTV is the mass produced, consumer product that is expected to provide economies of scale to drive down the cost of key technologies. It should also provide the manufacturing experience and cash flow to feed the further development of these technologies. In addition, HDTV receivers will use large quantities of electronic components, such as semiconductors. Not to participate in HDTV would leave American companies at a serious disadvantage in a number of high technology areas, including semiconductors and personal computers.

The HDTV Working Group of the Economic Policy Council (EPC) is working hard to prepare policy options for the full EPC. The EPC will review these options carefully since decisions taken with regard to HDTV will have an impact across the entire electronics industry. We hope to complete our work as soon as possible and we will, of course, report to the President and to Congress promptly thereafter.

Question 16:

Last December, Secretary Verity announced the three winners of a competition to establish the first of NIST's Manufacturing Technology Centers. As you know, the purpose of these centers is to help small manufacturing firms automate and improve productivity. In your view, are these three centers off to a good start and do you expect them to make useful contributions to their states and regions? Do you support the establishment of additional centers?

Answer:

While I have not had time to thoroughly review this program, my impression from preliminary briefings is positive. As NIST Acting Director Kammer noted in his recent testimony, all three Centers are up and running (cooperative agreements signed, statements of work agreed upon, and local matching support secured), and have submitted their first quarterly reports. Each of the Centers has developed a unique approach to determining and serving the needs of industry within its service area, and its own specialized mechanism for reaching a large audience. This kind of flexibility is critically important if the Nation's thousands of small manufacturing firms are to benefit. Perhaps most important, each is establishing linkages with the other two Centers to exchange information on successful concepts.

As to the future, I understand that unobligated balances are sufficient to operate all three through FY 1990 at an average annualized level of $1.5 million each. We are watching their progress quite closely, and expect to revisit the issue of additional funding for the Centers in the FY 1991 budget process. There are joint monthly meetings of the Center managers with the NIST program manager, and we are all learning.

Question 17:

In January, the Office of Science and Technology Policy released a White House Council report on superconductivity issues. That report recommended the creation of two to six consortia, each consisting of one or more companies, a Federal laboratory, and a university. The first such consortium has now been established at MIT. Do you agree that the Federal government should support the creation of additional superconductivity consortia, and what role should NIST's own excellent superconductivity group play in any such effort?

Answer:

The present administration strongly supports partnerships between business, universities, and government to advance technology development and to rapidly transfer new knowledge from the laboratory to the marketplace. Technology Administration and NIST officials have been in close contact with officials from the recently announced consortium between AT&T, IBM, and MIT, whose objective is to commercialize high temperature superconductors for electronic applications. Superconducting electronic devices appear to be a leading application for these materials. Serious consideration is being given as to how the Department of Commerce should be involved with this consortium in terms of both financial and technological support. Decisions regarding future consortia will be made on an individual basis depending on both technological considerations and the projected impact of the consortium on the commercial market.

NIST was designated as the Center for Superconducting Electronics by President Reagan. As part of their in-house superconductivity research program, NIST is investigating key measurement and characterization procedures needed to develop superconducting products.

Question 18:

You are familiar with two consortia which have received Federal assistance, the SEMATECH project and the National Center for Manufacturing Sciences. In your judgment, are consortia an appropriate way to pool resources to conduct research of broad value to industry? When is it appropriate for the Federal government to provide seed money to such consortia?

Answer:

As I stated earlier, the Bush administration is committed to supporting business, university and government partnerships to rapidly transfer new knowledge from the laboratory to the marketplace. In testimony before the Joint Economic Committee of the U.S. Congress on June 8, 1989, a number of government and industry officials, including representative Mel Levine (D-CA), Dr. Craig Fields, Director of DARPA, and Dr. Ralph Gomory, Senior Vice President for Science and Technology, IBM, all testified to the efficacy of consortia as a means of commercializing new technology.

I support the concept of consortia, particularly where the scope of the technology development required to reach the commercialization stage is beyond the capability of any single firm or industry. As Congressman Levine stated in his testimony, "Even the largest American companies cannot by themselves meet the threat posed by this foreign targeting." Federal financial support of a consortium is needed when the research is long-term and high-risk, and there are substantial technical barriers to the creation of a commercial technology base.

Question 19:

You are familiar with technology programs at both the Commerce Department and the Defense Department. DoD has become so concerned about the nation's "industrial base" that it has provided research money even in technology areas that are primarily commercial, such as HDTV. Why is research in areas such HDTV funded primarily by DoD? Do you believe that the Defense Department or the Commerce Department should be the principal Federal agency for the support of commercially-related research and development?

Answer:

There are three reasons why DoD has funded research in apparently civilian-oriented technologies. First, certain applications of the generic technology have defense-related uses. Second, DoD has become increasingly concerned with the inefficiencies inherent in developing and procuring military-specific product and systems designs. It is therefore attempting to increase the use of commercially available items. Third, DoD has been the primary source of funds.

The Department of Commerce needs to pull together its resources and take the lead in backing U.S. industry by developing policies and programs that will make it easier for industry to develop and exploit technology for commercial purposes. With the establishment of the Technology Administration, we will be in a position to focus our resources on achieving that objective.

One of the major identified problems experienced by the American economy in global markets has been the difficulty in rapidly commercializing new technologies after they have progressed to the applied R&D stage. One important factor in speeding up this application process is the "linkages" between the technology infrastructure that supplies the generic technologies and the elements of the private sector that commercialize them. Because DoC is the lead agency for supporting U.S. industry at the market-development stage, including the commercialization of new technologies, it works closely with industry and can therefore best determine early-stage research needs and efficiently provide the appropriate support. By performing both roles (research support and commercialization assistance), DoC can also serve as a catalyst (i.e., "link" the two activities together) and thereby accelerate the commercialization of new technologies.

Question 20:

Recently, Control Data announced that it will no longer make supercomputers, leaving Cray Research as the only American vendor. Current Federal law requires the government to seek competitive bids when procuring new computers. However, since Cray makes the world's most advanced machines, competition can only occur if the Commerce Department and other Federal agencies lower their procurement standards to the level that foreign companies can meet. Moreover, being a small firm Cray cannot match the huge discounts foreign firms often offer. How can the Commerce Department ensure that it receives the most advanced machines and that American firms can compete fairly while still complying with Federal procurement laws?

Answer:

I share your concern about the competitiveness of the U.S. supercomputer industry and, if confirmed, intend to pursue the matter. Under present Federal law it is not necessary for the Commerce Department or other Federal Agencies to lower their procurement standards for supercomputers. Federal law requires the government to seek competitive bids when procuring new computers, but it does not prevent the purchase of computers from a single vendor if that company is the only one that can provide the necessary equipment. The requirements of the Federal law to seek competition when procuring new computers are complied with through public announcement of the procurement need in the Commerce Business Daily.

Question 21:

The National Oceanic and Atmospheric Administration (NOAA) represents close to 50 percent of Commerce Department's budget and well over a third of its personnel. Yet, atmospheric and oceanic issues historically have received very little attention from top DOC officials. If confirmed, what role will you play in overseeing NOAA and helping it to perform its expanding missions?

Answer:

The National Oceanic and Atmospheric Administration, in addition to being the largest agency within the Department of Commerce, is clearly one of the most important. Predicting the weather, understanding global climate, managing and protecting the Nation's coastlines and oceans are all vital roles for the Department and the Nation. Secretary Mosbacher has expressed his strong interest in NOAA and, if confirmed, I intend to work closely with the NOAA Under Secretary and Secretary Mosbacher to assure that NOAA's important mission is appropriately carried out.

Question 22:

Improving our public weather warnings and forecasts may require significant restructuring of the National Weather Service. Is the technology now available to make significant improvements in weather forecasts and warnings? How can such technology be introduced without disrupting important existing services?

Answer:

International cooperation during the three decades following World War II supported major advancements in the science of meteorology and the ability of man to predict general weather patterns. Steady improvements were realized from the formation of global observing and reporting networks, the development of predictive numerical models of the Earth's atmosphere, and the evolution of computer technology capable of merging both data and models. The results of this focus of efforts on large scale processes and events are seen today in our increasingly reliable forecasts of general weather conditions in the one to five day time frame. To a great extent, further improvements here are limited by the sophistication of our global models and the speed and capability of the supporting computer systems we use. Continued improvements in the global exchange of weather data are a major international objective.

During those same years our ability to understand, detect, and observe severe local weather was aided by our use of converted military radars and the deployment of environmental satellites. The associated improvements were, however, minor when compared to the strides taken in large scale forecasting. All that is now changing. This decade has seen dramatic developments in new technology that focuses exactly on the local or mesoscale problem of the most dangerous severe weather such as thunderstorms, flash floods, and tornadoes, opening the door for actual short range forecasting of these events. These improvements hold great promise for our ability to forecast hour-to-hour significant changes in local weather conditions which can in some areas be just as damaging and dangerous as the most powerful large-scale storms.

The university community, other Federal agencies, and the Department have invested thousands of person years in the careful research, development testing, and initial design of the technologies which are an integral part of the National Weather Service (NWS) modernization. The results of this continuing work supported the "Plan for the Modernization and Associated Restructuring of the National Weather Service", submitted to Congress in March of this year. This plan proposes the use of national networks of doppler radars and automatic observing systems. These, along with

Question 22 (continued)

advanced weather observing satellites, high speed communications, and advanced computer technology in our field offices and National Meteorological Center will provide the basis for an improved, uniform level of weather services across the nation. This plan also proposes to staff NWS field offices with a higher percentage of professionals and restructure those offices to take full advantage of the new technology.

More detailed plans for the transition of the NWS to this new structure and operations will be submitted this fall. These include demonstrations of the new system before national transition is completed and specifics of how services will be maintained without disruption during the period of change.

Question 23:

Both the Committee and Congress as a whole are increasingly concerned about problems of global change, including global warming and ozone depletion. NOAA is supposed to play a major role in Federal research efforts to understand these potentially huge changes. What steps will you take to ensure that NOAA has the resources and leadership needed to carry through with its part of the Federal global change research program?

Answer:

NOAA is one of the major players in the U.S. Global Change Research Program. NOAA has developed its own program, called Climate and Global Change, to address issues pertinent to the national program and to NOAA's mission. The goal of NOAA's program is to establish a new national information service based on the achievement of reliable assessments and quantitative predictions of changing global climate. This program was initiated in FY 1989. Resources for NOAA's program are growing; the Administration has requested a doubling of the budget for the Climate and Global Change Program for FY 1990.

NOAA is also assuming a leadership role within the national program. The Department of Commerce/NOAA is represented on the Committee on Earth Sciences which is overseeing interagency activities in the U.S. Global Change Research Program. The Department of Commerce is a member of the Domestic Policy Council, where it can represent the scientific program in global change policy deliberations. The Department of Commerce is therefore in a leadership position to continue to participate in the development and implementation of an effective and integrated program to address global environmental change.

I intend to take a personal interest to ensure the Department of Commerce/NOAA is fully involved in the Federal program and will review the NOAA program to ensure it is responsive to the scientific needs within global change.

Question 24:

Every year we fight the same battle. The Administration tries to eliminate or curtail the United States Travel and Tourism Administration (USTTA). Do you think this Administration will propose and support general revenue funding for USTTA this year?

Answer:

As pronounced in President Bush's campaign statement, this Administration strongly supports the mission of the United States Travel and Tourism Administration. Therefore, with the intent of assuring an adequate, guaranteed and continuing source of funds for the agency, we will support a fee-based funding proposal.

Question 25:

Why do you think the United States share of the world tourism market is declining?

Answer:

The international tourism market is intensely competitive and complex. Globally, more than 170 national tourism administrations are competing for the business of the 20 principal tourism-generating countries. In many cases, these organizations are allied with government-owned or subsidized airlines and railroads and engage in joint marketing programs with their counterparts from the same geographic region. These confederations wield enormous power in the marketplace and are able to command commensurate market share.

However, despite this formidable competition, the United States has consistently ranked as the world's top earner of international tourism receipts. In terms of arrivals, in 1988 the United States welcomed 33.8 million visitors breaking our previous record of an estimated 31 million visitors in 1981.

NOMINATIONS—MAY-JUNE

WEDNESDAY, JUNE 14, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The subcommittee met at 2:30 p.m., in room SR-253, Russell Senate Office Building, Hon. Wendell H. Ford presiding.

Staff members assigned to this hearing: Steve Palmer, senior professional staff member; Carol Carmody, professional staff member; and John Timmons, minority staff counsel.

OPENING STATEMENT BY SENATOR FORD

Senator FORD. Good afternoon, ladies and gentlemen. As Chairman of the Aviation Subcommittee, I am pleased to call to order today's hearing to consider the nomination of Admiral James B. Busey to be the administrator of the Federal Aviation Administration.

The Admiral has recently completed more than 37 very successful years in the United States Navy, retiring from the position of admiral. At the time of his retirement, the Admiral was serving as Commander in Chief for Allied Forces in Southern Europe as well as Commander in Chief for U.S. Naval Forces in Europe.

He began his distinguished career as a pilot for which he has won numerous awards, including a distinguishing flying cross.

The FAA is a large, complex and decentralized agency. Its actions are critical to the safety of hundreds of millions of air travelers every year. Based on his experience, I am convinced that he has the skills necessary to provide the FAA with the leadership to ensure the continued safe and efficient operation of our nation's air transportation system.

At today's hearings we will also explore his desire for a legislative waiver, allowing him to retain his military commission while serving as administrator.

Under current law the FAA administrator must be a civilian. To fulfill this requirement, he would otherwise be required to forfeit his position as a retired officer in the U.S. Navy and with his accumulated retired pay of 37 years.

Senator McCain and I have introduced legislation that would waive this provision of law, allowing the Admiral to serve as the FAA administrator without losing his retirement, his retired military status. While this type of specialized waiver has been enacted in the past, most recently in 1984 for Admiral Engen, I hope it will not become routine for future FAA administrators to be military

personnel. I must say, however, Admiral, if you do all right, and we get independent FAA through, you might be there for a while.

The Congress, the FAA, and the American traveling public have waited far too long for a new FAA administrator. It is my hope that upon successful completion of today's hearing we will move expeditiously to committee consideration of Mr. Busey's nomination as well as his waiver legislation, in an effort to ensure his appointment by the end of this month.

Senator Exon.

Senator EXON. I have no opening statement.

Senator FORD. Senator Pressler.

OPENING STATEMENT BY SENATOR PRESSLER

Senator PRESSLER. I wish to welcome the Admiral. I think he is an example of public service and the kind of person who should be in public life, and I am glad that we are making the necessary adjustment to protect the survivors' benefit plan.

Thank you, Mr. Chairman, for your attention to the nomination of Admiral James Busey to be Administrator of the Federal Aviation Administration (FAA). Admiral Busey, I welcome you here today and look forward to working with you in the future on aviation issues.

The world has changed dramatically since the FAA was created by the Federal Aviation Act of 1958. There are new challenges and new opportunities that need to be addressed.

The safe and efficient utilization of navigable airspace goes far beyond air traffic control towers and flight service stations. An essential ingredient in the formula is the participation of pilots, general aviation enthusiasts, and others. This is a group that achieved a new level of visibility, and rightly so, during consideration of Mode C transponder requirements. I encourage you to maintain a healthy relationship with the people you are charged to regulate.

Under the leadership of Senator Ford and Senator McCain on the Aviation Subcommittee, this committee will keep a watchful eye on the FAA and your management of the agency. Again, I congratulate you on your nomination and am pleased to support your confirmation.

Senator FORD. I have opening statements from Senators Hollings and Kasten that I will include in the record.

[The statements follow:]

OPENING STATEMENT BY THE CHAIRMAN

Our Nation's air transportation system—once, in my view, an unquestionably safe and efficient operation—has fallen into disrepair in recent years. For example:

The air traffic control system functions with as many as 3,000 fewer fully trained controllers than in 1981, while handling increasing numbers of aircraft—using aging or obsolete equipment.

Aviation security remains a major problem, as we struggle to develop and install explosive detection devices capable of catching plastic and other types of explosives.

Airport capacity looms as a current and future problem that must be addressed in order to accommodate the hundreds of millions of air passengers who fly every year.

It's in this light that we convene today's hearing to consider the nomination of James Busey to be Administrator of the Federal Avaiation Administration. The FAA is the lead Federal agency in the areas of aviation safety, security, and airport development, and requires strong leadership in each of these areas.

Based on my early dealings with Admiral Busey, I believe he has the tools needed to provide that leadership to the FAA and the traveling public.

But the new Administrator must take action. For too long, we have debated the problems related to air traffic controllers, the Trust Fund surplus—now reaching $6.4 billion—and the need for new airports and runways. The FAA Administrator, working with Transportation Secretary Skinner, must initiate proposals for addressing these nagging problems. Without that direction, we will continue to debate these issues without the resolution needed to ensure a safe and efficient aviation system.

I am pleased that Admiral Busey comes before the Committee as a life-long aviator. He has had a distinguished career of over 37 years in the United States Navy. I look forward to hearing from him today on these and many other issues. And, once confirmed by the Senate and sworn in by the President, I look forward to working with Administrator Busey in the months to come.

OPENING STATEMENT BY SENATOR KASTEN

Mr. Chairman, I am pleased to support the nomination of Admiral James B. Busey IV to be the Administrator of the FAA. Admiral Busey has a distinguished record of service in the Navy as an aviator and significant command positions.

The FAA will benefit from his management experience and I hope he will be a forceful leader of this critical agency that has so many issues that are of concern to this committee and the American people. We are confronted with safety issues and capacity problems throughout the system, and I am pleased that the President has nominated a strong, effective and proven leader to head the FAA.

I look forward to his quick approval by this committee and the full Senate, and look forward to working with him in his position as Administrator.

Senator FORD. We are going to listen to the senior Senator at the table, Senator Dixon from Illinois.

STATEMENT OF HON. ALAN J. DIXON, U.S. SENATOR FROM ILLINOIS

Senator DIXON. Thank you. I would be honored to cosponsor with you and the distinguished Senator from Arizona this legislation for Admiral Busey if you permit me to cosponsor that.

I am pleased to introduce with my colleague, Senator Simon, to the committee this afternoon Admiral Jim Busey, who has been nominated by the President for the office of Administrator of the Federal Aviation Administration.

Admiral Busey's very distinguished career in the Navy is, of course, apparent to everyone, Mr. Chairman. His service to the nation has been outstanding, entering the Navy at the age of 20, he spent his career as a jet fighter pilot. After 37 years of distinguished service, he has now emerged as one of the Navy's eight four star admirals.

And during his service in Vietnam he won the silver and bronze stars, the China Service Medal, the Navy Cross, and the Distinguished Flying Cross.

These awards are, of course, impressive. However, what is particularly impressive to me is the leadership quality which these medals reflect and which the FAA desperately needs.

Some of the most serious problems in aviation today occur in Illinois at O'Hare Airport. So, I am happy to know that in Illinois we will be tackling these enormous tasks.

Admiral Busey will bring to this position the heroic qualities of a war hero along with a solid background in budget, procurement, oversight and management.

I believe that his excellence in all of these areas qualifies him to be an outstanding administrator of the FAA.

Although he has spent much of his time away from Illinois, he has never lost sight of the importance of our state, and he showed very good judgment by marrying an Illinoisan, Jean Cole of Sidney, Illinois.

Described by his friends as "hardworking, honest, distinguished, and a good guy," I have no doubt that this Illinoisan will continue his outstanding government service in this new position, and I thank the Chair and endorse Admiral Busey enthusiastically.

Senator FORD. The distinguished Senator from Montana did not have his boots on yesterday, he had on regular shoes, and he tilted backwards all day.

Senator Simon.

STATEMENT OF HON. PAUL SIMON, U.S. SENATOR FROM ILLINOIS

Senator SIMON. I am pleased to join my senior colleague in appearing here on behalf of Admiral Busey. I would like to enter a statement in the record if I could and just say in addition to all of the other qualities that have been outlined, he is also a pilot, and he has had, frankly, far more administrative experience than have many people with military backgrounds at this point, and I think both will be real assets.

I would also like to underscore something as important to at least three-fourths of the panel. Senator Ford, I do not think you probably go through O'Hare that often, but for the other three, you do rather frequently.

Last October we discovered that what we euphemistically call operational errors, number one, was O'Hare for the year at 30. That includes the possibility of two planes coming within 1,000 feet of each other, which may seem like a lot of space, but it is not much space between planes going at that speed. The second in operational errors was Atlanta with six. Clearly O'Hare has to be doing much better. And I am pleased to say that all of you cooperate in an amendment that Senator Dixon and I put in to call on the FAA to move ahead. They are moving ahead. O'Hare is safer today than it was last October.

But I want an FAA administrator, frankly, who is going to be in there pushing hard to see that we follow through and make air travel just as safe as it can possibly be for the people of this nation and I think in Admiral Busey we have such a man. I commend him. I commend the President for nominating him.

It is with great pride that I introduce to this committee Admiral James B. Busey who has been nominated by President Bush to be the new Administrator of the Federal Aviation Administration.

Let me begin by saying that I am here today because I strongly support Admiral Busey for the position of FAA Administrator.

Admiral Busey has had a long and distinguished career in the military; thirty-five years of service in the United States Navy.

After enlisting in the Navy in 1952, he was assigned to the Naval Aviation Cadet Program. He was awarded his Navy wings of gold and commissioned ensign in 1954. This was the beginning of a career that would lead him to various positions of leadership.

His responsibilities have included Auditor General of the Navy in the Office of the Under Secretary, command of the Naval Air

Systems Command, Chief of Naval Operations, and, most recently, Commander in Chief, Allied Forces, Southern Europe/Commander in Chief, U.S. Naval Forces Europe.

Admiral Busey's personal decorations include the Navy Cross, the Distinguished Service Medal with gold star in lieu of second award, the Legion of Merit, the Distinguished Flying Cross, the Bronze Star Medal, Air Medals, the Navy Commendation Medal and the Navy Achievement Medal.

We are indeed fortunate to have before us today, as the nominee for Administrator of the FAA, someone who has committed a great part of his life to the defense and betterment of this great country—and he is willing to continue to give in the form of public service.

Perhaps Admiral Busey's greatest asset is to have been born and raised in the great State of Illinois, as was his wife Jean.

We in Illinois are very proud of Admiral Busey's service in the past, and are very proud of his nomination today.

It is my hope that this committee will support confirmation of Admiral James B. Busey as Administrator of the Federal Aviation Administration.

Thank you.

Senator FORD. Thank you.

It is now my pleasure to recognize the distinguished ranking member of the Aviation Subcommittee who I have enjoyed working with and who has a great deal of experience in the field. He is here to present you also and endorse your nomination.

I do not think you are going to have any trouble, Admiral. It depends on your answers to the questions.

Senator McCain.

OPENING STATEMENT BY SENATOR McCAIN

Senator MCCAIN. Thank you, Mr. Chairman. I would like to mention the subject of Chicago O'Hare Airport. I have spent a lot of time going through that airport, and on several occasions, during the wonderful weather they have there in Chicago, spending the night in the airport in those very comfortable chairs.

So, I am always surprised how many people passing through that airport late at night mistake your briefcase for theirs.

That is a problem I have noticed. It is called airport security. It is always an enjoyable experience to go through that airport I would say to my friends.

Mr. Chairman, I am here obviously to endorse the nomination of my friend and colleague for many years.

A little over 22 years ago today, I was a member of attack squadron 163. Admiral Busey, then Lieutenant Commander Busey, was the operations officer.

As you know, it is the duty of the operations officer to assign certain pilots to certain missions. He sent me out to die.

And after he finishes this tour of duty, he will believe that I have gotten even with him.

I would just like to reemphasize what my two friends from Illinois have said. Not only does Admiral Busey hold the third highest award that this nation can bestow on its military in the form of

the Navy Cross, but I think also it is very important to recognize the numerous positions which he has held which entail responsibility for billions of dollars of very important defense programs.

I think the Chairman and I and members of this committee are well cognizant of the importance of modernizing the ATC, modernizing the equipment that makes this nation have a safe and efficient air system.

I think the administrative responsibilities and operational responsibilities that Admiral Busey has had will qualify him enormously to attack the major challenge that I view to America today as far as aviation is concerned, and that is the updating and modernization of our air traffic control system so that we will have a zero incident rate at Chicago airport.

Those are the special qualities that Admiral Busey brings, and I can also assure this committee from a personal knowledge that he brings the highest standards of integrity to this job which from time to time in some branches of government have been conspicuous by their absence.

Thank you, Mr. Chairman.

Senator FORD. Thank you, Senator McCain.

The two Senators from Illinois, they complain about the 30 problems that they have.

You ought to be in my situation when you get on a commuter and the pilot in the left seat has the manual out trying to figure out where all the instruments are. It is a little bit tough out there.

Senator Burns, would you like to make a statement before we call in the Admiral?

Senator BURNS. No, thank you, Mr. Chairman. I appreciate the opportunity.

Senator FORD. Admiral, we look forward to your opening statement, and each of us will have an opportunity to visit with you on some questions, and we will go from there.

I have viewed your FBI report. You are clean as a hound's tooth, according to the report—we will go that far—and that everything is in order that you have been required to do. And I compliment you on your timely and thorough manner in which you have cooperated with the committee.

So, we look forward to your opening statement.

[The biographical sketch and prehearing questions follow:]

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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510–6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Busey IV (Last) James (First) Buchanan (Other)

   Address: 5918 Munson Ct. (Current residence) 800 Independence Ave., SW (Business)

   Falls Church, VA 22041 Washington, DC 20591

2. Position to which nominated: Administrator, FAA Date of nomination: May 12, 1989

3. Date of birth: 10 (month) 2 (day) 32 (year) Place of birth: Peoria, Illinois

4. Marital status: Married Full name of Spouse: Jean Cole Busey

5. Names and ages of children: Angela R. Presto 33

   Nancy J. Wheeler 31

   James B. Busey V 27

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Illinois	9/50-9/51	-	-
U.S. Naval Postgraduate Sch.	8/61-8/62	-	-
		BS	1966
U.S. Naval Postgraduate Sch.	7/64-8/66	MS	1966

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
1/52	6/89	U.S. Navy	Navy Dept.	Navy Officer

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

37 years 5 mos as Naval Officer - Federal government experience

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

American Society of Military Comptrollers-Nat'l Vice President 1982

Tailhook Associates

Fleet Reserve Association — The Army & Navy Club

The Retired Officers Association — Army Navy Country Club

Ducks Unlimited

National Skeetshooting Association

National Geographic Society

QUESTIONS OF THE MAJORITY

Pre-hearing Questions Submitted to James B. Busey

Waiver Legislation

1. Under current law, the Administrator of the Federal Aviation Administration is required to be a civilian. However, legislation (S. 1077) has been introduced to allow you to serve as Administrator while retaining your commission as a retired officer. What are your specific individual reasons for asking Congress to enact legislation to waive this requirement?

ANSWER: After serving our country for more than 37 years as a military officer, I have earned and become eligible for a retirement plan. I have also earned the opportunity to participate in the Survivors Benefit Plan, which will provide an annuity to my wife in the event of my death. In order to protect my spouse--whom I feel has earned an entitlement to these benefits--and to ensure that I retain my right to draw retired pay after I complete my Federal service, I must retain my commission as a retired officer and my place on the retired rolls of the U.S. Navy.

If confirmed, I would, of course, be subject to the provisions of law which prevent so-called dual compensation. Further, the legislation pending before the Committee, which would permit me to serve as Administrator, prohibits the exercise of any control or influence by the military over me during my tenure as Administrator.

Qualifications

2. Your military career is a long and distinguished one. How would you translate that experience to the civilian aviation sector? Do you believe that managing the FAA will require the same skills as your commands in the U.S. Navy?

ANSWER: I believe that the skills any of us acquire in careers which involve the majority of our working lives become an integral part of our management styles. In my case: aviation skills; people skills; technical skills; diplomatic skills; financial skills; procurement skills; operational decision skills; and many others are a part of my management style and I think directly applicable in all areas of the civilian aviation sector. I do indeed believe that managing the FAA will require all of my ingrained skills, and then some.

I have learned through experience that every new job I have had fully utilized most of my acquired skills and always required me to learn and develop new skills. I expect the FAA to be no different, and I eagerly accept the challenge.

3. In your statement to the Committee you referenced as a qualification your belief that you can "contribute towards dealing with issues of air safety, security, modernization, and utilization of our national air transportation system." Please elaborate on the contributions you believe you can make in each of these areas.

ANSWER: I indeed believe I can contribute toward dealing with issues of air safety, security, modernization, and the utilization of our national air transportation system.

Aviation has been a key part of my entire professional career. As a long-time pilot, air safety is a thoroughly ingrained part of my physical being. I have lived and breathed air safety for more than 30 years, and it is a part of my management style. Every decision I will make and every commitment I will make, if confirmed, will have air safety at the root level. I intend to bring with me to the civilian sector the experience I have gained from fostering strong air safety programs in the Navy.

We live in troubled times. I have lived intimately with the terrorist threat and the security aspects of that threat these past 2 years. I am, therefore, confident that my understanding of the continuing threat, and our need to protect our citizens from that threat, would enable me to contribute toward fulfilling FAA's critical security functions.

My experience in planning, programming, and budgeting--coupled with my procurement experiences and my technical skills--will enable me to participate directly and with confidence in the FAA modernization plans. I would be committed to seeing that the NAS Plan moves forward with appropriate speed and emphasis. I intend to get personally involved from day one, if confirmed.

Our airspace is a national treasure, and I believe very strongly in the right of all of our people to have free and ready access to the use of that airspace. We have evolved the best air traffic control system and the best air transportation system in the world. As a user of our system for many years, I believe I understand it and, if confirmed, will be able to contribute effectively as FAA Administrator in the decision process necessary to keep us the world leader in providing our citizens not only the type of system they deserve but the access to that system to which they are entitled.

Priorities

4. If confirmed as Administrator, what would be your priorities for the Federal Aviation Administration?

ANSWER: If confirmed as Administrator, my initial priorities for FAA will be:

Safety - In my judgment, this must always be the number one priority of any FAA Administrator, and I intend to make it mine. Aging aircraft, air traffic control improvement, added attention to human factors, aircraft maintenance, and an energetic research and development program are all ingredients of the safety equation that I intend to become deeply involved with.

Security - In this time of violent peace where state-sponsored terrorism is a fact of life, I intend to commit all of my energy and experience to ensure we are leaving no stone unturned to provide the best available technology in the security field.

Modernization - The modernization of our facilities is well underway. Procurement of new systems will continue to require large capital investments, and I intend to apply my procurement experiences to ensure that we obtain the best systems for our investments.

People - The people of FAA make the system work. I intend to become involved in all aspects of our people-related issues from recruiting to training to retention of our quality work force.

Outreach - I intend to meet with, and become familiar with the issues of, all aviation interest groups. Aviation history is replete with the contributions of pilots, mechanics, engineers, controllers, and aviation lovers. I intend to listen to these inputs and contributions so that together we can continue to expand our transportation system and maintain our leadership position in the world.

I expect to develop additional priorities as issues develop, but these are my initial priorities for the FAA.

5. What areas do you believe need immediate attention by the new Administrator and what plans do you have for making improvements in these areas?

ANSWER: In my judgment, based on the limited direct exposure I have had with the FAA to date, I believe there are several areas needing the immediate attention of the new Administrator. These areas are:

a. People-related issues of the FAA team.
b. Procurement of the new systems of the NAS Plan.
c. Budget issues.
d. FAA involvement in the development of Secretary Skinner's National Transportation Policy.

I intend, if confirmed, to get immediately involved in people issues. I want to meet and understand the issues of our controller team; our maintenance team; our engineer team; our

administrative team; our management team; and all other disciplines which make up our career work force. I'm confident that there are many good ideas and suggestions in the FAA, and I want to learn what is in the realm of the possible so we can continue to get and keep the best our country has to offer and to become more proficient and efficient at doing our job.

I intend, if confirmed, to become intimately involved in our procurement process and learn what changes are possible to get our new equipment on-line and fully integrated as soon as possible. My objective will be the procurement of the best technology possible with on-time and on-cost delivery.

I intend, if confirmed, to become involved in the FAA budget process. We must ensure that we gain full Administration support for our budget needs and then work hard to ensure that the Congress understands our plans so that authorizations and appropriations provide the taxpayer dollars necessary for the modernization, maintenance, and operation of our total air transportation system.

I intend, if confirmed, to become personally involved in the development of the National Transportation Policy which Secretary Skinner has committed to. The aviation input to this overall Transportation Policy will lead us to the development of an air transportation strategy which will guide our actions into the 21st century.

Trust Fund

6. The Airport and Airway Trust Fund has an unobligated surplus of approximately $6 billion. Every year, efforts are made to free the Trust Fund, to ensure that capital needs of the FAA and aviation industry are met. Would you bring to this position any specific ideas for better utilizing the Trust Fund? Would you work to advance proposals to ensure full funding of Trust Fund programs?

ANSWER: I do not have any new approaches for using the Trust Fund at this time. If confirmed, this will be one of the issues I will be focusing on as new airport and airway reauthorization legislation is developed. I assure you, though, that I am committed to working as diligently as I can both within the Administration and with the Congress to ensure that adequate funding is made available for Trust Fund programs.

Independent FAA

7. Legislation was reported in the 100th Congress by the Commerce Committee to remove the FAA from the Department of Transportation, making it an independent agency, with the Administrator serving

with a fixed seven-year term. What is your view of such a legislative proposal?

ANSWER: As I have related to many of you Senators during my courtesy calls, I decided to accept the opportunity to be nominated as FAA Administrator because I am excited about the chance to work with Secretary of Transportation Sam Skinner. We have agreed that we will work together to fulfill our mutual responsibilities. I do not come to this position seeking autonomy or independence. I believe very strongly that I can work with Secretary Skinner and that he will provide the necessary flexibility and support to ensure that I can fulfill the duties and responsibilities of Administrator.

8. Given your experiences in military procurement and personnel management, do you have any specific ideas for enhancing FAA procurement and personnel management procedures? If confirmed, would you initiate efforts to improve FAA procedures in these areas?

ANSWER: I have not had sufficient exposure yet to the FAA's procurement and personnel systems to provide any specific suggestions for improvement. I am aware that there have been recent innovations in these areas such as the pay demonstration program and greater authority given the FAA to manage major procurements, and I am pleased that these steps have taken place. I intend to get personally involved in both areas and will work to identify any changes needed to improve procedures.

Air Traffic Control System

9. A recent General Accounting Office report identified problems being experienced by many air traffic controllers. Specifically cited were low morale, concerns that too much traffic is being handled during peak periods, and inadequate training for developmental controllers. What initiatives would you undertake to improve upon this continuing problem situation?

ANSWER: I am aware of the GAO report and the issues of low morale, too much traffic being handled during peak periods, and training. I have no new initiatives at this time because I have not had the opportunity yet to get out in the field and experience the issues where the "rubber meets the road." I am aware that the FAA has corrective actions underway in all of these areas.

As I have indicated, people are a priority of mine. This includes morale and training. I intend to get personally involved very quickly, if confirmed, and will develop initiatives and changes as I gain experience in what the real issues are and what fixes are within the "realm of the possible."

10. Effective July 1, 1989, aircraft not equipped with altitude reporting transponders will be denied access to airspace within a

Terminal Control Area's 30-mile radius. The Aircraft Owners and Pilots Association, the Experimental Aircraft Association, and the Helicopter Association International have filed a petition with the FAA to allow access to non-equipped aircraft flying under the floor of the TCA, and outside a "buffer zone." What is your view of this petition?

ANSWER: I am aware of the issue but I have not had the time to form an opinion. The objective is, of course, to better assist the controllers and avoid the potential for mid-air collisions thereby achieving the greatest reasonable degree of safety for the greatest number of people.

Security

11. One of the greatest challenges facing the FAA and the aviation industry is the need to improve aviation security procedures. Based on your experiences in aviation, what steps do you believe should be undertaken to enhance the security of our air transportation system?

ANSWER: A major deterrent to the threat of terrorist acts against civil aviation is the technological advancement in the area of explosives detection. FAA has accelerated the delivery schedule of the thermal neutron analysis (TNA) units it has ordered. The TNA system is capable of detecting all known commercial and military explosives. Other research is underway to enhance the detection of explosives and weapons. I will aggressively support and encourage such research in the future so as to ensure that we are providing the best possible protection for our traveling citizens.

Aging Aircraft

12. Increasingly, the FAA and the civil aviation industry are focusing their attention on the issue of aging aircraft. Given your experiences in naval aviation, do you believe adequate steps are being taken to improve the maintenance and inspection procedures of aging aircraft? What is the military doing with its aging aircraft that should be considered for application to commercial aircraft?

ANSWER: During the brief time I have been exposed to this issue to date, I am impressed with the scope of the efforts underway. The cooperative exchanges with NASA, the DOD, and other agencies, coupled with the efforts of the airlines and the manufacturers, indicates solid government-industry participation in a very complex technical problem. Momentum has clearly started and I believe these efforts will continue to lead to further improvements in inspection and maintenance procedures. I intend to continue to facilitate the exchange of information and procedures with all experienced parties, such as the Navy, so as

to ensure that we leave no stones unturned as we learn to deal with maintaining the structural integrity and safety of aging aircraft. I know that many of these avenues are presently being pursued by the FAA and I intend to add my contacts and experience to the continuing attention necessary to stay on top of the issue.

Drug/Alcohol Testing

13. Last year, DOT issued rules mandating random drug testing programs for safety-sensitive employees in the airline industry. These rules do not extend to mandatory testing for alcohol abuse. Do you support mandatory random testing? Do you support extending the DOT rules to cover alcohol testing?

ANSWER: I strongly support random drug testing for all safety-sensitive employees. I have personal experience with drug testing in the military and am convinced that it is a fair and strong deterrent to drug use.

I believe that alcohol abuse is also a serious problem and we must seriously and thoroughly consider extending the DOT rules to cover alcohol testing.

14. The need for additional airport capacity has been acknowledged by virtually everyone in the aviation community. The difficulty has been securing needed funds. If confirmed, will you request and work for full funding of the Airport Improvement Program to ensure adequate funding of such capacity expansion?

ANSWER: Getting into the FAA budget process is one of the areas I intend to focus on immediately. Funding for the Airport Improvement Program, in order to improve capacity, is one of the important issues I intend to become involved in and work hard to gain Administration and Congressional understanding and support.

15. Airport operators have proposed eliminating the current prohibition on imposing Passenger Facility Charges, otherwise known as head taxes, as a means of financing airport capacity expansion. What is your opinion of the proposal to allow an airport to impose a head tax as a means of raising funds for airport development?

ANSWER: I am aware of the proposal but I have not had the opportunity to fully understand the pros and cons of permitting airports to charge a head tax as a means of raising funds for airport development. I will become involved as we develop proposals for the airport and airway reauthorization legislation.

NAS Plan

16. In November, 1988, the General Accounting Office concluded that the projects in the National Airspace System Plan (NAS Plan)

are behind schedule on an average of 3 years and that because of new projects and changes to existing projects, the cost of the NAS Plan may approach $25 billion, rather than $16 billion currently estimated by the FAA. What initiatives would you undertake to ensure timely, cost-effective completion of the NAS Plan?

ANSWER: Modernization of our system is an area I intend to get involved in on a priority basis and procurement is a key element of this area. I am aware of the GAO study and its conclusions and I have received general briefings on the NAS plan.

I am also aware that there are different opinions over the cost and content of the NAS Plan. Secretary Skinner has formed a task force to independently evaluate the NAS plan and make recommendation for changes. I intend to use the task force analysis and recommendation as a basis for my evaluation of the FAA procurement system and I will work with Secretary Skinner to put in place the mechanisms and changes necessary to ensure ontime and on-cost accomplishment of the elements of the plan. To do this I will work to gain Administration and Congressional support for the funds we will need to keep our system the best and safest system in the world.

Noise

17. Many in the aviation industry advocate the need for a national noise policy as a means of ensuring the unencumbered movement of interstate commerce. What is your opinion of the need for such a national noise policy, specifically addressing the question of local rights versus Federal preemption.

ANSWER: I have an open mind concerning the need for a national noise policy. As you are aware, Secretary Skinner has committed to the development of a National Transportation Policy and as a part of that the FAA is deeply involved with the task force which is contributing to the development of policy. Airport access, in the context of noise-related restrictions, is one such study underway and I expect that group to provide added insight concerning the matter of local rights versus Federal preemption. If confirmed, my commitment to safe and efficient use of our airspace will be the basis of any opinions I form, including noise restrictions.

Smoking Ban

18. What is your opinion of proposals to ban smoking aboard commercial aircraft?

ANSWER: As a smoker who is working hard to quit and who has been living out of our country for two years, I am newly sensitized to no-smoking issues in our society. I have an open mind on the

issue of banning smoking aboard commercial aircraft. I am aware that the Office of the Secretary of Transportation currently has a study underway to measure levels of contaminants in airline cabins. Based on these measurements, OST will perform an assessment of risk to passengers and flight crews. Other pollutants are also being measured. I do not think any action should be taken until the OST study is complete.

Foreign Repair Stations

19. The November, 1988 FAA rule allowing U.S. air carriers to use FAA-certificated foreign repair stations has generated strong sentiment both in support and opposition to the changes. If confirmed as Administrator, would you be willing to modify this rule to accommodate the concerns being expressed by those opposed to this rule?

ANSWER: I have received a briefing on the issue of Foreign repair stations and I'm aware that the new rules became effective in December 1988. I am also aware that there is, at present, no data available to indicate that these repair actions would adversely affect air safety or the U.S. workforce.

If I am confirmed, I assure you that the FAA will not certificate new foreign facilities unless we have the resources to surveil and inspect such work. Additionally, if problems are identified and it becomes necessary in the interest of safety to modify these rules, I will not hesitate to initiate such rulemaking.

Seating Restrictions

20. The Commerce Committee has ordered reported legislation (S. 341) that would prohibit an airline from restricting seating in an aircraft on the basis of a passenger's visual acuity. On the other hand, the FAA has issued a Notice of Proposed Rulemaking requiring airlines to restrict exit row seating for certain passengers. As Administrator, how would you resolve this apparent conflict?

ANSWER: If legislation is enacted, there will be no conflict since I will ensure that the FAA meets the legislative requirements. If legislation is not enacted by the Congress, the concerns expressed by this Committee would be one of the factors I would take into account in reaching a final determination on the proposed rule. I believe it would be inappropriate for me to comment further since, if confirmed, I would be responsible for making the final rulemaking decision and I would not want to give the appearance that I have prejudged this rulemaking.

Pilot Shortage

21. Most aviation experts agree that there is a shortage of experienced pilots in the civil aviation industry today and that

the shortage will increase dramatically in the next decade. What would you, as FAA Administrator, propose to address this problem? What, if any, initiatives would you support to underwrite or encourage pilot training?

ANSWER: All of us who have an interest in and a love for aviation must do our very best to encourage those young men and women in our society who have the ability to fly to do so. We must explain new ways to market careers in aviation. I support FAA initiatives underway which will encourage universities, colleges and junior colleges to develop educational programs to prepare students for aviation careers as airline pilots.

We also have shortages in maintenance technicians, dispatchers and in other aviation career fields. I will be an active advocate of all initiatives which promote and lead to careers in aviation. We must fill up the ranks in order to keep our system operating safely and efficiently.

Special Use Airspace

22. The General Accounting Office has criticized the FAA for its management of Special Use Airspace. Do you have any ideas for improving the process for designation, use and review of Special Use Airspace?

ANSWER: I think the criticism was on the mark and I'm pleased to see the corrective actions underway to enable the FAA to better manage Special Use Airspace.

There is a need for Special Use Airspace. We will ensure that it is being used for the designated purpose and being released for civil use when not needed by the military.

We will closely monitor utilization data and withdraw Special Use Airspace as appropriate. We will involve the public, State and Environmental interests in the process leading to designation of any new Special Use Airspace.

I recognize the importance of Special Use Airspace for defense purposes and the impacts created by these set-asides and will ensure that FAA will exercise tight controls over this program.

STATEMENT OF JAMES B. BUSEY IV

Admiral BUSEY. Thank you, Mr. Chairman. May I introduce my wife and partner, the Illinois girl that I was smart enough to marry before I joined the Navy, who is here with me today. Jean, would you stand up so you can be recognized? Thank you for being with me today.

And, in their absence, I would like to also thank the distinguished senators from my home state of Illinois who represented me here today, Senator Dixon and Senator Simon, and, of course, Senator McCain, a longtime Navy friend whose courage, determination and patriotism I hold in the highest regard. Thank all of you gentlemen.

Mr. Chairman, I am deeply honored at having been nominated by President Bush to serve as FAA administrator and I am very pleased to be here today. I first would like to express my personal regrets over the length of time that it took for me to be relieved from my duties overseas so that I could return to the United States, retire from the United States Navy and make myself available for this new opportunity. I hope that the members of the committee will understand that this time factor does not in any way reflect my interest in the opportunity to serve as administrator of the Federal Aviation Administration.

I cannot think of a finer organization with which to serve than the FAA. Over the years, I have come into contact with the FAA on many occasions, and I have always been impressed with the professionalism shown by FAA employees and their commitment to safety. If confirmed, I intend to work with the wealth of knowledge of these wonderful agency employees and to try my best to ensure that they are provided the leadership and the resources necessary for them to do their jobs. People will be one of my top priorities at the FAA.

I am committed as well to working closely with all facets of the aviation community. I intend to meet with, and become familiar with, all aviation interest groups. I will listen to their inputs and contributions. I am convinced that, together, we can continue to expand and improve our air transportation system and maintain world leadership in aviation.

If confirmed, I also intend to involve myself early in the management of the National Airspace System Plan. The modernization of our system is critical for reasons of safety and efficiency, and it will be my goal to bring the products of the NAS Plan on line as expeditiously as possible and within budget. I have worked with the acquisition and management of major programs before and will bring that experience to bear on this challenging task. I look forward to the chance to take a closer look at the FAA's procurement processes and believe that my background can help make a positive contribution in this area.

I know of this Committee's strong interest in working to improve civil aviation security, and I share your commitment. My time overseas has given me a personal perspective of the threat of terrorism, and I will do all that I can to see that the American travelling public is protected from that threat.

I also want to assure you that, if I am confirmed, safety will remain the highest priority in FAA. Throughout my career, I have always emphasized the need for safer systems, safer aircraft and safer ways of doing business. I will bring that firm commitment to safety with me to the FAA and will work to build on what I truly believe is the strongest aviation safety foundation in the world.

Mr. Chairman, I would also like to acknowledge my awareness of the outstanding work of this committee in the aviation safety area and to assure that, if confirmed, I will work closely with the members of this committee to achieve further safety improvements. Thank you, Mr. Chairman, and I would now be pleased to respond to any questions that you and your colleagues will have.

Senator FORD. Thank you very much, Admiral, for a fine, concise and short statement. I am afraid the questions probably will be much longer than that. I think I will take about 10 minutes and 10 minutes to my colleagues and then we will come back if we have any others.

I might say in the beginning that Senator Bradley from New Jersey has submitted to the chairman questions he would like to have you answer in writing. We will submit those to you and I am sure you will acknowledge his letter through the committee in a timely fashion.

Let's talk about qualifications just a minute. I think on paper there is no question but that you are well-qualified. You have had a very successful career in the United States Navy.

What experiences in those 37 years, Admiral, have you had that you feel will make you a little better qualified, a little better able to administer the problems in FAA than the normal administrator of FAA?

Admiral BUSEY. Well, Mr. Chairman, I will try. I cannot attest to the fact that my skills will be better than the normal, but I do believe that I bring some skills that I have managed to integrate into my management style over the last 30-some years in the Navy.

Specifically, I think people skills, procurement skills, budgeting, planning, programming and budget skills, as well as the safety awareness that I mentioned earlier in my prepared comments. I believe the job opportunities I have had in the Navy to command and management very large organizations, including our Naval Air Systems Command, where I was responsible for the procurement of aircraft parts, engines, avionic systems, et cetera, is particularly relevant in my background and those skills, I believe, are directly transferrable into the challenges that I will face in the FAA, if confirmed.

Senator FORD. Admiral, let me put this question almost in two parts, but I think they are together. What do you see as the biggest issue now facing the FAA and our air transport industry, and what will your priorities be as administrator?

Admiral BUSEY. I am not sure, Mr. Chairman, that I can single out the biggest issue in the FAA at present. I have had a relatively short time, as you know, to become familiar with all of the detailed issues surrounding the FAA, but amongst the largest, I would say, is the modernization program, which includes the NAS plan and the airport improvement program, is certainly one of the key issues, if not the key issue.

And, secondly, the security issue, the protection of our traveling citizens, wherever they go in the world, from the terrorist threat that is a fact of life that we face in the world. I would also add to that, I think, my concerns over the perception that the work force in the FAA is not meeting expectations. That is an issue that I intend to get into very early on.

And, lastly, I would suggest to you that my perception is that another one of the major issues is the aging aircraft issue and all of the safety-related issues surrounding that primary issue.

From a priority standpoint, my first priority would be safety. I believe that every administrator coming to the FAA must have safety as his number one concern, and I certainly will be no different in that regard. We have the safest system in the world, and I intend to work as hard as I possibly can to ensure that we stay the world leader.

Second priority will be security. I want to make sure that we explore every avenue to provide the best technology available in explosive detection devices to satisfy our traveling citizens that we, indeed, are doing everything as a nation within our power to assure their safety in the air.

Next I would list people. I believe very strongly that we have a superb work force, a dedicated work force in the FAA. We have heard a lot here in Washington concerning morale. I simply do not have a feel for that personally, and, if confirmed, one of the initial things I plan to do is to get out in the field where the rubber meets the road, meet the people, form my own judgments as to what the problems may be, and see what is within the realm of possibility to fix.

And the last priority that I will mention today that is an initial priority of mine is outreach. We have a lot of lovers of aviation, pilots, engineers, air crewmen, controllers, and people just loving aviation out there. A lot of associations. I intend to listen to what they have to say and use the talents available in that community outside of federal government to help me to do my job to provide the safest system and the most modern system that we possibly can.

Senator FORD. I have had a little experience—I will not speak for others—I hope you will not be on the road too much. Try to balance the in-office and on the road a little bit. It is nice to have the airplane fly to all these places and do these great things, but I hope that you spend adequate time in the office. It does not hurt to get out and get the feel of it, but you do not have to stay out there the whole time and then reorganize three times and redecorate all the offices.

I think you have included most of the problems or the questions I have, you know, personnel, training, continuing education, all those things that are so important to the efficiency of FAA and to our transportation system.

The FAA is continuing its ongoing efforts to modernize the nation's air traffic control system through the NAS plan. What role will you as administrator play in ensuring that the $16 billion effort proceeds in a timely and cost-effective manner?

Admiral BUSEY. Yes, sir, Mr. Chairman. Procurement, as a key part of the modernization issue that I had mentioned previously, is

an area that I intend to get personally and deeply involved in. I believe I bring some skills to that arena.

I intend to do my best to work within the administration and with the Congress to ensure that we all understand my perceptions and our programs for the modernizaton of the air traffic system so that we can work together to get the authorizations and the appropriations necessary to give us the resources to do the job. I will be working hard to deliver an on-time, on-cost system.

Senator FORD. As you are well aware, and you mentioned in your opening statement, one of the major constraints to our air transportation system is a lack of airport capacity. How will you work to enhance federal programs to aid in the construction of new airport capacity?

Admiral BUSEY. Similar to the procurement issue, Mr. Chairman, I, of course, have had briefings in the short period of time that I have been aboard. I am, of course, not familiar in depth, but I am familiar with the airport improvement programs, specifically with the initiatives that are under way and are being studied to improve capacity.

I want to get out to O'Hare, for example, to the New York area, to the other extremely crowded fields that we have and form my own opinions concerning the constraints on capacity that we are dealing with and work within the administration, with the Congress, working together, again, to try our best to get the authorizations and the appropriations necessary to do that job to improve capacity.

The only way, in my judgment, that we will be able to continue to grow and expand the use of our airspace, our national resource, is to improve capacity which is now holding us down at most crowded airports. So I plan to be deeply involved in that, if confirmed, sir.

Senator FORD. Well, you have mentioned airport security several times as one of your top priorities, as we put them in categories. I would hope that we will be very careful and not move forward because something sounds good and it is mostly the right thing to do at the time or seemingly to do something and to make a mistake.

We need to be very careful as to how we place the burden of paying for that and where we are required to put security units overseas and for other airlines, not U.S. airlines—we want to protect Americans, but we should be very careful about this. Do you have any views on who should pay for such security equipment?

Admiral BUSEY. Well, Senator, I have not formed any firm opinions yet based on the exposure that I have had. But let me say, if I may, that I am very familiar from a first-hand experience, having lived in Europe the last two years and traveled in an armored car and carried a weapon everywhere I went for protection because of the terrorist threat that we regularly lived under. So I think I have a full appreciation and understanding of the issue that we are faced with.

Concerning who should pay for these issues, as I understand, from a security standpoint, it has been traditionally our position in the United States that the FAA evolves the technology, identifies when that technology is ready to go, and then introduces it into the user system, requiring them to implement those security systems

and, of course, pay the funds for maintenance, upkeep and utilization, which means to me that the users have been paying for these security devices.

Of course, with the TNA devices that we will begin to put in place this summer, one here in the U.S., one in Europe, which will be serving U.S. citizens primarily, and then the four follow-on devices, the FAA has funded and procured those systems to put them in place. I believe rule-making is under way to follow on with that technology, putting it out into the user community, with the users then funding the purchase, maintenance, and operation of those devices.

Senator FORD. Let me ask you one last question very quickly.

As you may be aware, there is significant opposition to FAA's rule relating to foreign repair stations. Specifically, many of those employed at domestic aircraft maintenance facilities fear this rule will result in the exporting of additional American jobs.

As administrator, will you review this rule in hopes of accommodating the concerns of those who oppose it?

Admiral BUSEY. Mr. Chairman, my briefings have prepared me in a general way to understand that. I understand the rule was made last December. In my briefings, I have not been presented any data which leads me to feel that safety or job-related issues have come out of the foreign repair stations that we have certificated thus far.

I am aware that we have more than 4,000 repair stations in our country here, and something approaching 5 percent of that number are all the stations that we have overseas. I am aware from experience of the use of foreign repair stations in the Department of Defense so that we can be ready for battle damage repair in forward areas, if necessary. And I can assure you that if confirmed that I will not certify any further stations if we do not have the resources to provide the proper certification thereof, nor will I certify any further stations or maintain the certifications of those presently so certified if I become aware of safety-related impacts.

Senator FORD. Thank you very much, Admiral.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Admiral, as you probably know, one of the major subjects of this subcommittee has been the whole issue of de facto airline reregulation. Many of us—and it was obviously a majority of Congress—supported airline deregulation. I believe that the record is clear that more Americans are able to fly at a lower cost, in general, throughout this country than ever before. There are glaring exceptions to that, which I am sure various senators, including the chairman of the full committee, will highlight for you with great frequency. But overall, there has been a lower cost to American citizens, and more Americans have been able to fly than ever before in history. But we see some very alarming trends towards de facto reregulation.

We had a subcommittee hearing here last week concerning hub concentration, an issue that Senator Danforth has been heavily involved in; and we will be having another one as a result of a final GAO report. The indications are clear to me, for a variety of reasons, that we are returning to de facto regulation—hub concentra-

tion, slot-controlled airports, which will be on a decrease, domination by one or two airlines of the CRS. Indeed, even the frequent flyer program has contributed to that situation. And I think that this subcommittee and the full committee will be trying to examine ways that we can increase competition.

By the way, I forgot one vital factor, and that is, the number of airline mergers or airlines going out of business, which has decreased significantly the number of airlines in business.

Now, I do not expect you to know the answers to all those problems. I do not think there is anyone alive that does. But I wonder if you could give this committee your philosophy and ideas about one, whether you agree that there is a problem there, and number two, your general overall view of the situation.

Admiral BUSEY. Senator McCain, yes, I am aware of the issue. I am aware of the hearings that were conducted last week, and in my visit with Senator Danforth we talked a little bit about that issue. I am aware of the active role that the Secretary of Transportation has taken concerning the issue of competition within deregulation. And I find that, based on my awareness thus far, I come down on the side of those concerns that I have heard expressed within the FAA and the Department of Transportation that deregulation in and of itself is not bad. As you point out, sir, more U.S. citizens are able to travel now. It is an issue as to whether the costs on an individual basis are cheaper or not. But as long as we can maintain competition in that system, my feeling is that the deregulation will work, and we will continue to make our air transport system available to our people.

There are issues that I am aware of that are underway, rulemakings in process concerning the slot issue. And, of course, if confirmed, I imagine I will be involved in that, and it probably would be, therefore, imprudent for me to go any further in that area right now. But suffice to say I am sensitive to the issue, sir.

Senator MCCAIN. Senator Kasten had a question on the slot issue. Basically, the essence of his question was when we could expect that rulemaking?

Admiral BUSEY. I am aware that the rulemaking process is in the final stages now. In my judgment the proper answer for me to give you is soon.

Senator MCCAIN. Thank you. And just let me point out to you again my concerns.

The hearing that we had last week clearly indicated that at those airports where there is concentration by one airline, fares are more expensive. Where there is a slot-controlled or slot-limited airport, fares are higher. There is no more graphic demonstration of the problem than the fact that when Eastern airlines went on strike, the fare went up on every single route that Eastern airlines flies. The body was still warm, and the fares went up.

And I think that if we are going to prevent government intervention into what should be basically a deregulated atmosphere, we will have to act. And one action, of course, is to free up the trust fund, because one of the ultimate answers is that we need more airports in this Nation. And I hope you will support this committee in our efforts and our battles to get that freed up.

On the subject of aging aircraft, Admiral, I believe that the program initiated by the FAA is a good one, and certainly it puts commercial aviation on the right track. I wonder what you would plan to do about business and private aviation, where we also have similar problems?

Admiral BUSEY. Well, Senator McCain, let me mention first, sir, that, in my briefings and in my exposure to the issues, including aging aircraft, thus far, I would like to assure you that I am very impressed with what I see taking place concerning cooperation between the FAA, other Federal agencies, such as the Department of Defense, NASA, and industry.

I think the examples of the maintenance fixes that we have underway in the rulemaking process to take care of the large passenger-carrying aircraft are a positive step and reflect a changed approach toward the maintenance of our aging fleet of aircraft. About 25 percent thereabouts of those aircraft are what we would categorize in the aging or over 20-year category now.

I believe that the same type of cooperative approach is applicable to the light plane and to the light business aircraft community; and I am confident that we will see that sort of emphasis evolve as we finish the preliminary or the first work in the large transport category. And I commit to you that I intend to ensure that we move the spotlight, if you will, into that area of aviation so that we can ensure that we are paying attention to all of the so-called aging aircraft in our country.

Senator MCCAIN. Thank you.

Admiral, I also am a member of the Armed Services Committee, and the ranking Republican on the Manpower and Personnel Subcommittee. We have been addressing a very serious issue, and that is of pilot retention.

Senator Glenn and I have just introduced legislation to increase the pilot bonuses. I think that that is an important piece of legislation. I was glad that the administration supported it. And it will, if experience holds true, to some degree stem the exodus, at least for a short timeframe.

It is my understanding that last year the airlines hired the same number of pilots as was the combined output of the Navy and the Air Force. We obviously cannot have that trend continue, as the cost of training military pilots continues up, and the airlines continue to grow, and the demand for pilots continues to grow. And the problem is that we in Congress can increase bonuses for the military pilots, but if market forces act in this situation, then we will always lag behind the airlines, who can make a decision at a board meeting rather than wait for a piece of legislation to wend its way through Congress.

I think it is a very serious problem. The short-term answer, obviously, is to compete by raising the re-enlistment bonuses for Navy, Air Force, Marine Corps and Army pilots. A long-term solution, however, evades me. But it does seem to me that if the airlines are taking advantage of the taxpayers—and understandably so; I do not begrudge them from doing so—in hiring pilots that had cost the taxpayers $3 million, or $4 million, or $5 million, it seems to me that they should be making some contribution. And we should be trying to uncover some alternate source of pilots, such as places

like Embry Riddle and other aviation training grounds. Obviously the military pilot will be the premium choice because he is the most highly trained, but if there is a significant difference in what starting salaries are, it seems to me that maybe the airlines would look at that individual as well who may have come from a different source.

I know you are aware of the problem. I was wondering if you had any thoughts on how we might be able to address it, because I think over time it can affect national security, not to mention the problem of aviation safety in the military, when you lose your most experienced and sometimes your most talented leadership out of the military, as far as pilots are concerned.

Admiral BUSEY. Yes, Senator McCain. And at the outset I am aware of the program that you and Senator Glenn have proposed for the military, and I certainly applaud that. I think that is a good step in the right direction. I have always felt, as yourself, having been on the losing end of a lot of good aviators into the commercial airline world for a number of years, that there might be some opportunity for the repayment of the tremendous dollars that had been invested in getting those skills developed in the pilots. And I am not aware whether that is a possibility or not.

But in my short time since being aboard the administration preparing for these hearings, I have been enthused by some of the initiatives I see beginning to develop in the FAA to work with junior colleges, colleges and universities to help them develop programs that will lead to qualification of students with the right aptitude to become pilots. And I think we need to work to do more of that as a Nation to support and encourage those young people that have the abilities to seriously consider careers in aviation-related fields, specifically pilots; but we also have shortages in air controllers, of course, in electronics technicians, and in other aviation-related career fields.

I would hope, if confirmed, to get involved in supporting some of those programs that will develop as much of a love for aviation as those of us that have been involved in aviation for a number of years have, and that will help contribute, I think, to our long-term needs for aviation-related career fields.

Senator MCCAIN. Thank you, Mr. Chairman.

Senator FORD. Thank you, Senator McCain.

Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

Admiral Busey, a welcome to you. Before I even knew your name was going to come up for this position, you were highly recommended by the Secretary. Let me add my voice to the others that said we are not disappointed; we are delighted with your background, your qualifications. And I want to join my other colleagues in saying I will be helpful in whatever manner I can be for quick confirmation, because we need you over there.

I have some questions. The matter of landing slots has come up. I think you know full well that not only is this matter coming up very soon, but July 1st, indeed, is the date that the FAA is supposed to come up with its final rulemaking in this particular area.

I have not been happy with the rulemaking of the previous administration in this area. In fact, while we asked them to take a

look at the monopoly situation that has been created in the four slot controlled airports. They basically, did not take a stand at all. They just punted.

I hope you will take a very close look at this. It is true that, at least in those four slotted airports, we are regulated as to who can land there. It is only due to the fact that Eastern airlines went out of business that we finally got our first flight from Omaha, Nebraska, into La Guardia and into Washington National. That is on a temporary basis; I hope it can hold.

It just seems to me that we have a special situation with regard to slots in those four key airports. It seems to me that if we are going to have competition, as deregulation intended, we are going to have to have some way to pass those slots around from time to time, even if it means few airlines have a relatively few landing spots at those airports.

So I just want to encourage you to study the problem. I suspect you have been into it already, but I want to add my word of emphasis to the concern that is, I think, universal on this subcommittee and the committee as a whole in this area.

Let me get into the matter of safety and flight service stations. In Nebraska we, like many other states, had had seven flight service stations. Due to the centralization of many of those facilities at Columbus, Nebraska, where they have a very new, very modern facility—and I was up there and dedicated it a few years ago when it was first placed into operation. We have phased out six of the seven other reporting stations that we had. The only one left is Scotts Bluff, Nebraska.

Scotts Bluff, Nebraska, is 350 miles west of Columbus, Nebraska, and weather changes very abruptly, as you must know as a pilot, having traveled that area. It so happens that Scotts Bluff is scheduled to be closed on October 1st, and it was scheduled to be phased out toward the end because of its high number of contacts. According to figures that I have seen, Scotts Bluff, Nebraska, has a high number of aircraft contacts. Compared to airports at the 61 automated stations throughout the Nation, Scotts Bluff ranks 32d in total aircraft contacts, seventh in air carrier contacts, 24th in air taxi contacts, 36th in general aviation contacts, and 34th in military contacts. As you can see, the decision to close Scotts Bluff was delayed and was a borderline case.

May I ask, as the new FAA, not any special consideration, but might I ask you, for safety reasons, to take a look at this proposition to see whether or not that 350 miles is an unusually large distance, and look at the contacts that Scotts Bluff has made.

Admiral BUSEY. Yes, sir, I will.

Senator FORD. You have won.

Senator EXON. No, I have not won yet, but I am starting to win.

Another matter, drug testing. Tomorrow the committee is holding a hearing on random drug testing of workers in the transportation industry. As an admiral who I am sure is very familiar with the experience that we have had in the Navy, and as a member of the Armed Services Committee I have been very involved in this for a long time. I am proud of what the Navy and the other services have done in this particular area.

What are your views, based on the experience that you have had as a top naval officer with drug testing techniques, on how we should apply those to the private sector and any changes that you see that may be necessary to the rules already in effect?

Admiral BUSEY. Senator Exon, you are right; I have had personal experiences, both from awareness of the statistics, awareness of the process and awareness from being a donator of the random sampling process. I am a firm believer in it. I believe in the military services approach. The record speaks for itself, and shows that the random drug tests that have been underway for a number of years have clearly proven to be a very effective deterrent to the use and abuse of drugs. So I am fully supportive of random drug testing.

In the briefings I have had thus far I have been very pleased with what I have seen concerning our random drug testing process with safety-related people within the Federal Aviation Administration. And I am a strong believer that we need to continue with the implementation of this random testing procedure out in the industry where it concerns safety-related personnel.

Senator EXON. The personnel chiefs of all the services were before the Manpower Subcommittee of the Armed Services within the last two weeks, and the word does not get out of success stories on random drug testing, but I can tell from your testimony that you have had a similar experience.

I think it is interesting to note that every one of the chiefs of personnel of each of the services estimated that two or three years ago they had up to 25 percent of the members of their individual services involved in drugs. They certify that today that has been reduced to 1.5 percent—from 25 to 1.5 percent. They give the main reason for that the fact that we have exercised fairly drug testing and that not only is drug testing important, but that is the deterrent that is necessary to clean up and have a free work force in the military, at least, free from drugs.

Is that your experience as a naval officer?

Admiral BUSEY. Yes, sir. I am not aware of the details or statistics, but I do know specifically in the Navy we have brought the drug use that we were aware of down by those significant types of figures and, of course, applied the zero tolerance from an acceptance standpoint of drug abusers.

So, it is a fair way. And the randomness of testing procedures is a very effective deterrent.

Senator EXON. Do you have any judgment that you could give us—you will be making some decisions on this and helping the Secretary as to what percentage of the civilian work force in a given area would you guess would be necessary to make an effective deterrent?

Do we have to test 100 percent of the employees? Do we have to test 50 percent of them? Do we have to test 20 percent of them every year, 10 percent? Is there any figure that you would guesstimate would be proper for a deterrent in the general sector?

Admiral BUSEY. Senator Exon, I do not have any firm idea of what the statistical significance of the sample population should be. My instincts tell me that we clearly do not need to test 100 percent of the people. I think that would be exorbitantly expensive to go there. I think something approaching 50 percent per year my

instincts tell me would be the appropriate randomness to create an effective deterrent.

Senator EXON. What was the percentage in the Navy that you tested?

Admiral BUSEY. In some communities our objective was 100 percent. New recruits, for example, coming in.

Senator EXON. I mean, somebody that has been in the Navy for 10 years.

Admiral BUSEY. I believe our objective in the career force was something approaching 25 to 30 percent, if memory serves me correct. But please do not hold me to that.

Senator EXON. I could check it out, but I never heard that stated. I always thought somewhere around 20 percent would be a deterrent factor.

Thank you. We look forward to working with you, and we are excited about your nomination.

Senator FORD. Senator Burns.

Senator BURNS. Thank you, Mr. Chairman. I, too, want to congratulate the Admiral for wanting this job. As Senator McCain had indicated when he introduced you, I think I was one of those marines that got on the radio and screamed and nobody showed up. So, maybe I will get even with you, too, some way or other.

Senator FORD. Only you and the Admiral laughed.

Senator BURNS. He knows.

Admiral BUSEY. Yes, sir, I know what you mean. Hopefully those were not Navy aircraft that you were screaming for.

Senator BURNS. We did not care who they were. We just needed them.

I want to just go over a couple of things here, concerns that I have.

It is my understanding in talking to some airline pilots in the area of safety, is that some of the systems that they have suggested for anti-midair collision have been received rather coolly from the FAA. If you are familiar with those, could you tell me why they were coolly received or do we have better systems? I would like to have your views on that, if we could.

Admiral BUSEY. Well, Senator, in my briefings and my exposure thus far, I am aware, but I do not have the details of the alternatives that were possible back a few years.

I am only aware of the fact that a decision was made several years ago to go with a given technology, and that has evolved into the TCAS system as we know it today, the TCAS I, II, and III system.

We are presently about to require the installation of the TCAS II system which will give aircraft so equipped the ability to receive warnings based on exchange of data between the aircraft when a near miss situation is impending, giving the pilots a direction necessary for them to take action in a vertical plane to avoid midair collisions.

I do not know what process went into making that decision. If confirmed, I find myself playing with the hand that I am dealt, and we will continue in that regard.

I understand that there is a potential problem with the ability to install the systems as rapidly as we would like to see them in-

stalled, not from an equipment availability standpoint, but from the standpoint of the technician availability to actually do the installation. And we may need to consider some modifications of the time constraints that have been imposed to date, and if confirmed, I am certainly ready to do that.

Senator BURNS. There is also talk about writing some new rules around airports that have an unusual amount of traffic and the requirement of some privately owned aircraft to have transponders that reflect altitude.

Now, we have a situation in Montana where Billings is a minor hub. By the way, are you happy with the hub system that we are operating now? I have the feeling that if I die and go to heaven and I live in Montana, I am going to have to change airplanes in Minneapolis, and I kind of want to get around that.

In Billings, we have a little airport that is 15 miles away, and under the suggested rules right now, aircraft in that airspace that do not have those types of transponders could not come into that area. And I am wondering if you are looking at that because privately owned aircraft in Montana are very important.

We deal with big space out there, and if we could not fly privately, we would certainly be in a lot of trouble. Have you taken a look at those proposed rule changes?

Admiral BUSEY. Yes, sir, Senator Burns, specifically since we chatted last week and you mentioned this specific issue to me.

I did go back. I did look into it, and, of course, now we know the rule is in effect. I learned about Billings. I asked the questions why Billings was specifically picked. I have a better understanding of why the rules were made now, and, of course, it is purely safety related, intended to give the controllers and the users of those congested airspace the equipment necessary to provide the comptrollers with an indication of all the traffic that is in that area so the greatest safety can be provided for the greatest number of people.

And what I have learned is Billings is designated because there are some 200,000 passenger emplanements at the airport there at Billings. Therefore, the rule was specifically directed that way, again with the intention of safety so as to provide the best protection for the largest number of traveling citizens thereby requiring the private pilots to have this equipment in order to fly into that area.

Senator BURNS. I guess another concern out there is the station's offering hourly weather reporting service. It seems like we are getting shot down on some of those stations out there, and we are like Senator Exon's state. Our weather is very vulnerable out there. It can change in an hour.

I would want you to take a look at some of those areas where we are not getting our hourly reporting or where it shuts down after 8:00 o'clock at night and things like that. And I will send you some questions regarding that later on.

That is all the questions that I have, Mr. Chairman. I know Senator Lott and Senator Kerry want to ask some questions. Again, I thank you. I think you are very capable, and we are awfully fortunate to have men of your caliber that would take on this responsibility, and I thank you for that.

Admiral BUSEY. Thank you.

Senator FORD. Thank you, Senator Burns.

Senator Lott.

Senator LOTT. Thank you. I concur in the remarks with the gentleman from Montana. I certainly want to congratulate you and commend you on being willing to take on this job.

In listening to your testimony here today and looking at the things you are going to be dealing with, you have got lots of work and a few tough problems, so I know it will not be an easy job. But we feel very strongly as a group, and I certainly do personally, that you are going to do an excellent job, and I am looking forward to working with you.

Let me ask you a very general question, maybe give you an opportunity to hit a couple points.

You do have a number of problem areas to deal with, so what are going to be your priorities? If you were listing two or three areas that you were really going to focus on and hit quickly, what would they be?

Admiral BUSEY. My priorities, of course, will be safety, security will be next on my list, and these are initial priorities that I have developed over the last two or three weeks. Safety, security, the modernization programs of the airspace, air transportation system, which includes a procurement program, et cetera. People are an important issue from recruitment to training to retention, and in that regard I have been very pleased by the support that we received in the FAA for the pay demonstration program at our four most difficult airports to staff with air traffic controllers.

I think it is that kind of support from the Congress that will help us go a long way in keeping our quality people, and the final, initial priority that I will mention is outreach. I think it is very important for me to communicate with the various interest groups with the aviation lovers, the engineers, the mechanics, the technicians. All of them have something worthwhile to hear from, and I think it is incumbent upon us in FAA to listen to the public out there, the users of the system, and to take serious consideration of those inputs, and that, if confirmed, would be a priority of mine also, sir.

Senator LOTT. Others have referred today to the federal airport and airway trust fund and the fact that it has a pretty substantial surplus and that we have been wrestling with it for years now. This is my 17th year in Congress, and it seems like that battle has been going for most of those years. But at least for a dozen years there has been a feeling, and I share that feeling, that the administration used those funds to make the deficit look better when that is not what that fund was intended for.

We have a need to make use of it and while I know you have got to take the administration line, and you have to wrestle with OMB, I would like to have some assurance that as the head of FAA you are going to aggressively pursue internally as well as with the Congress the ability to make use of those funds to do some things that need to be done.

Admiral BUSEY. Yes, sir, you have my assurance.

Senator LOTT. Do not let OMB shove you around on that.

Admiral BUSEY. I intend to work very hard.

Senator LOTT. You will support him on that, will you not, Mr. Chairman.

Senator FORD. I have been doing that for 12 years.

Admiral BUSEY. I intend to work very hard within the administration and in the Congress to assure that we do our very best to bring the authorizations and the appropriations forward to provide us the resources that we need to get the job done.

We need to spend those monies for the purposes for which our traveling public and our aviation users are paying those dollars, and I am committed to do my very best to spend the monies in that way.

Senator LOTT. Thank you. I am not going to advocate reregulation, but I voted for deregulation back in 1978 or 1979 when we did it, and I had people who questioned that vote and gave me a hard time about it a year later, two years, three years, four years, five years, and I said wait. It will play itself out. We will get better service at lower rates, everything is going to be fine.

It has been 10 years and, speaking as one person that travels regularly to a lot of different places in the country, but certainly when I am trying to get home, it ain't necessarily better, and it ain't cheaper.

If you are going to Mississippi, you have got problems, and I just want you to be aware that it is not perfect. I was in an area the other day. I was amazed to go 50 miles or 70 miles one direction, it was $158. To go 250 miles to Atlanta it was, I think, $58. It was $158 versus $78. That is what it was.

Now, I know the answer is that a lot more people are going to Atlanta from that slot. I think some of these ticket charges are highly questionable, and I do think it is important that I be able to get to Buckatunna, Mississippi—just as important as it is for somebody to get to Boston, Massachusetts, and I think the gentleman from Kentucky would have some places in Kentucky he would like to be able to get to. So I hope that you would be aware that, while I am not advocating reregulation, deregulation has not been perfect, and there are some holes in the system.

Do you want to respond to any of that?

Admiral BUSEY. No, sir. I am aware.

Senator LOTT. You know all the statistics and the numbers of the passengers used in the system, and the fact that we have not built a new airport since the 1960s and now we are apparently going to get one in Denver.

But one concept that has been discussed recently—and it really emanated from some ideas being battered around in FAA—is one that I have been looking at and advocating and have introduced some legislation on, referred to as the wayport concept. Are you familiar with it? What are you going to do about it?

Admiral BUSEY. Yes, sir. You and I talked about that issue when we visited last week. I have gotten a little smarter on it since then. I certainly have no in-depth knowledge, but what my intention is, if confirmed, as soon as we can get it scheduled is to bring the gentleman that you mentioned to me to town, hear what he has to say so I can become a little smarter through the FAA system and then as we work towards evolving a long-term strategic plan, I want to

see where does wayporting fit into the overall strategic plan that I have in mind that we need to develop.

Senator LOTT. That is all I am asking right now. You have got some traffic problems, numbers problems you are going to have to deal with and some innovative ideas that should be considered. This is one that is relatively new, but it could be one of the answers to the future. And to spend a little time now looking at the concept makes good sense, so I encourage you to do that.

Mr. Chairman, I thank you.

Senator FORD. I might say to my friend from Mississippi, you and I have different opinions on wayports and that will be a long way out in the future. There is no way that you can find an airline now that will pay for it. I have got a lot of surface mining land that we will give them, thousands of acres.

Senator LOTT. I thought they were thinking about putting that in Kentucky.

Senator FORD. If they are thinking about it, it will not be in my lifetime. Senator Kerry.

Senator KERRY. Thank you very much, Mr. Chairman. I am sorry our friend Conrad Burns is not here. I know he is wishful about this notion of going to heaven, but recently, I do not know if you know this, there was a bishop and a senator who did die and go to heaven. And the bishop got up there and he was assigned to this small room, single bed, small cot, and he objected to it because he saw the senator in a triplex, beautiful appointments and everything. He went to St. Peter and he said, "What am I doing here in this? I have been 35 years a man of the cloth, I have obeyed the church laws. Why am I here, St. Peter?"

And St. Peter said, "Do not worry." He said, "We have got plenty of you up here but only one of them."

I apologize, Mr. Chairman, I——

Senator LOTT. That was his joke.

Senator FORD. If you have a good joke, it is all right——

Senator KERRY. Well, I was going to blame that one on Conrad Burns, but I will let him have it.

Admiral, I appreciate the chance to ask you a few questions. I have a few more than I will ask that I would like to submit for the record, if I may. But I join my colleagues in congratulating you, not only on your appointment but on your tremendous years of service to us and to our country. And I know you will undertake this job well and there is no opposition to your appointment.

But I would like to inquire about a couple of areas. I also serve as chairman of the subcommittee on narcotics and terrorism, and one of the things we have been looking at a great deal is the issue of airline security, and I have a couple questions on that matter.

Before I get to that, let me just ask you, if I may, the deregulation issue which has surfaced in the questions of a number of my colleagues, is obviously at the forefront of many people's minds in many different ways. There have been arguments made, obviously, that the public has been put at risk to a certain degree because of the rapidity of some of the mergers, the nature of some of the mergers, the changes within the maintenance structure and the corporate structure of some of these entities.

I just want to make certain that you would define for us your sense of the responsibility, your understanding of the responsibility of your role and the FAA in ensuring that public safety is not going to be put at risk for the pure pursuit—and I am not adverse, obviously, to the profits and so forth of mergers and takeovers—but, simply for the expediency of those things to the detriment of the public's perception of safety. I wonder if you would address that.

Admiral BUSEY. Yes, sir, Senator Kerry. My feeling is, as I briefly stated earlier, that my number one job, if confirmed, will be safety, ensuring that the aircraft and our system, that the procedures are safe for our traveling citizens and that will be my number one priority. And that includes paying very close attention, as the FAA has done, based on the briefing material that I have been exposed to in the last several weeks.

They have done a good job when, for example, when the Trump shuttle came on, there were FAA people on every one of those aircraft on the first several days to ensure that safety procedures were followed. All the employees were certified very carefully.

The maintenance of aircraft involved in these takeovers and these mergers, a lot of attention is paid to the procedures used by the newly emerging airlines, by the FAA inspectors to ensure that the proper procedures are adhered to so that our traveling public can be very comfortable and very secure in knowing that the mechanisms are remaining in place to ensure their safety in the use of the air transportation system. And I am firmly committed to that, sir.

Senator KERRY. Well, I am delighted to hear that. Obviously, I suspected that you would be precisely there. In keeping with that, the Eastern effort—and I am not looking at all at the labor relations aspect of it—but the hiring of personnel that has taken place to rapidly replace those who are on strike has seen a lot of nonunion and inexperienced personnel hired.

I think there is a question as to whether or not inexperienced pilots ought to be paired with inexperienced maintenance personnel who are supervised by inexperienced foremen. Do those developments raise a serious safety concern for airline passengers? And, if not, why not?

Admiral BUSEY. I think the answer to that, sir, is yes, that should be an area of concern. The FAA inspectors are concerned about that. We have had experiences and tragic accidents in the past where inexperienced people were matched in the cockpit, for example.

So those are the kind of issues that we will be paying very close attention to. Now, we must keep in mind that all of the operators, even an inexperienced pilot may be inexperienced in the particular type of aircraft that he is going to be operating. But he is certified, he is trained, he is qualified to do the job and what he needs to do to become experienced is to pick up some hands-on experience in the type aircraft that he is going to be assigned to fly.

Similarly, with the maintenance person. And our job will be to ensure that those procedures are being followed.

Senator KERRY. I understand that, and, as a pilot, I certainly share and appreciate that. But also as a pilot, I respect the notion

that time in aircraft and time in service are very important ingredients of that dynamic we look for in experience. Certain airlines have always heralded themselves and been perceived as more safe because they have more senior captains, more extensive pass-on processes before people get into that pilot seat.

While someone may be qualified in literal terms to fly the aircraft, when they are taking 100 and some, 200 and some, whatever, passengers up, there is a different level of qualification that I think is necessary. Are you planning to take any special steps to guarantee that this safety issue is resolved in the public's mind?

Admiral BUSEY. Senator Kerry, based on the information that I am aware of thus far, I do not have any personal plans to do anything different than what is in place right now.

Senator KERRY. If information were put in front of you which caused, conceivably, you to question that or which raised legitimate issues, would you then——

Admiral BUSEY. Yes, sir. Any indication that safety procedures were not being properly followed would trigger us into immediate action.

Senator KERRY. Now, I have heard reports that airlines may have, in fact, returned maintenance certificates in the face of possible fines and penalties for failure to maintain proper maintenance standards. That practice avoids their responsibility, obviously, for the unsafe practice at that particular site. But it raises a serious question about the integrity of the certification process itself. What action do you think should be taken in response to the return of a maintenance certificate to avoid a penalty?

Admiral BUSEY. Well, Senator Kerry, I am not personally aware of the instance that you bring up; that is something that I will become aware of very quickly. And my reaction, if we became aware of such a situation, there is, I am very confident and would commit to a very intensive oversight on the recertification process to ensure that the maintenance work performed in that kind of a situation meets the requirements and the standards.

Senator KERRY. I take it that if any unsound maintenance practices were brought to your attention or there were reports that suggested reports themselves were being falsified or that individuals not present at maintenance sites for signing off on some of these required reports, that you would immediately take action? Am I correct?

Admiral BUSEY. That is correct, sir.

Senator KERRY. Let me move on to a couple of other questions, if I may, quickly. Do I have time this turn? Yes, I do.

Senator FORD. Until the little red light comes on.

Senator KERRY. The thermal nutron analysis approach to the airport security issue—we understand from most of the reports that the costs are pretty high and the immediate deployment is limited because of production constraints.

Do you think it is appropriate that we ought to be examining other potential improvements that could be made in airport security, both technological and managerial, in the meantime?

Admiral BUSEY. Yes, Senator, I do, and I can report to you that, again, based on the look that I have taken in the period of time I

have been in the briefing process, that I am pleased to see that there are some other initiatives continuing.

Senator KERRY. Do you think that we should require some form of inspection of hold luggage for flights originating in the U.S. itself?

Admiral BUSEY. I have not formed an opinion on that, sir. I am not aware of the issue. Please permit me to look at it and get back to you.

Senator KERRY. That would be terrific. I would appreciate it if you could. Do you have any thoughts at this point regarding explosive detection devices? Do you think we ought to be able to detect all kinds of explosive materials? Plastic or not, nitrogen-based or not?

Admiral BUSEY. Yes, sir, I think we should, and the TNA device, as I understand it, does have that capability and there are other technologies that will give us that capability. We need to be able to assure the traveling citizens of our country that they are safe from riding on an airplane that has any kind of an explosive device smuggled aboard.

Senator KERRY. Some of the industry experts have pointed to the FAA's lack of a comprehensive testing of the explosives detection technologies, which have been developed in its own research and development program. As the new FAA administrator, would you support the establishment of a joint FAA–FBI protocol benchmark testing for all technologies which would be considered for explosive detection?

Admiral BUSEY. Yes, sir, I think I can clearly commit to you that I am supportive of any kind of a mutual data exchange and development process that will explore all technologies. Of course, we must realize that the application of a technology, from an FBI requirement standpoint, may be significantly different than what we need for a rapid mass type of detection. But we should not overlook exploring any kind of technology to give us a better handle on this problem.

Senator KERRY. Well, it is my hope—I have written the chairman on this matter—and it is my hope that we can progress forward on it. I think the TNA system holds tremendous promise in the area of baggage screening.

But I also think that it would be important for you and the FAA to direct the formulation of new standards for X-ray detection equipment and require that they be met at all U.S. airports. I think if we could have a broader range of technologies supplied to try to deal with this, that we would move forward more rapidly, and, frankly, come up with a better overall solution.

Admiral BUSEY. Yes, sir, I agree.

Senator KERRY. Just another quick question. The aging aircraft issue, was that asked previously? Then I am not going to ask it again; if you have already answered it and it is part of the record, I will look back at it and be satisfied with that answer. I wish you luck and I thank you very much for your patience.

Thank you, Mr. Chairman.

Senator FORD. Thank you, Senator Kerry.

Admiral, we are getting close to the end, and there is not even a bead of sweat on your brow, so we——

Admiral BUSEY. It is all hidden, sir.

Senator FORD. We have not hit you a lick yet, have we? A couple of things, one that bothers me some, and we have seen where the administrator had what we call chief of staff and that chief of staff was placed over the career officers at FAA.

It seemed to me that that created some of a morale problem where the chief of staff comes in and immediately exercises the administrator's authority when he is out flying around. I hope you would give serious consideration of not doing that.

I am not trying to tell you how to set up your administrative procedure, but I think if you have a chief of staff, then they ought to be responsible to you and not to be supervisory of the career personnel that is there and that you place in responsible positions. Because that chief of staff probably will not have the experience that you have or they have. So I would ask you that.

I want to back up on one question, that being the foreign repair station matter. I asked you if you would review the rule. I did not get the indication that you said you would review the rule. Could you review that rule?

Admiral BUSEY. Yes, sir, I will review the rule, and, again, I reiterate that if I become aware of any issue that affects the safety of the aircraft that our citizens are flying in, you can rest assured that I will be very quick to make changes to that rule.

Senator FORD. My last question, Admiral, is on the contract tower program. I do not know whether you have been briefed on that or not. Several years ago, we had the possibility of closing down a good many towers across the country. We worked out a position where we would contract, there would be some local paid contract through the airport board or however, and then they would be responsible for it and it apparently worked very well.

We had a strengthened and expanded announcement in April of last year which has increased aviation safety, I think, at a number of locations while providing significant savings to FAA. What is the status of that contract tower program at this time?

Admiral BUSEY. Mr. Chairman, I regret to tell you that that is an issue that I have not gotten into in any depth. Can I take that as an issue to study and get back to you on?

Senator FORD. Yes, sir, and I can give you an answer if you want it now. You have been mighty nice, Admiral, and I have enjoyed the brief periods we have had together to discuss the future of FAA. I think both of us want the same thing and that is safe airways with the kind of operation and coordination between FAA and the industry at all levels, because you touch industry at all levels. I intend to work very closely with you.

I also want you to know, and I am not asking you for a position on it, but we will be introducing the independent FAA and, as I said earlier, that you may stay here longer than you had anticipated if we get that little bill through. But you will be in a position, I think, to help or hurt that piece of legislation, and I hope you stay neutral. But it will come.

We will be looking at noise, which, in my opinion, will be the problem of expansion of airports in the 1990s. That is going to be a problem we are going to have to face. So, I think that an indication of the questions today and your response and knowledge that your

plate is full. But it can be handled and handled in an efficient and cost-effective manner.

I look forward to working with you and look forward to expediting your nomination and getting that out as soon as possible, along with the necessary legislation to protect your military retirement. So I thank you. We enjoyed meeting your wife, Jean; she does compliment you. We look forward to working with both of you and to seeing her on occasions.

Thank you very much and this hearing is adjourned.

[Whereupon, at 3:55 p.m., the subcommittee was adjourned.]

[The following information was subsequently received for the record:]

RESPONSES OF JAMES B. BUSEY TO QUESTIONS FOR THE RECORD OF THE JUNE 15, 1989, HEARING BY THE SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION, CONCERNING HIS NOMINATION TO SERVE AS ADMINISTRATOR OF THE FEDERAL AVIATION ADMINISTRATION

Senator Bradley's Questions

1. The FAA controls security on U.S.-flagged carriers, and promulgated enhanced security regulations on December 29, 1988 in response to the Pan Am 103 disaster. Nevertheless, we continue to hear reports of breaches in airline security.

Are these regulations adequate, in your opinion, to guard the safety of the traveling public?

What additional measures can be taken to protect air travelers?

Answer: I concur with the strong action the FAA has taken following the Pan Am 103 disaster to bolster security practices. Additional measures I believe are needed are to continue with the announced rulemaking to require the use of explosive detection devices and to press forward with an aggressive R&D program to ensure that we are pushing the state-of-the-art in explosives and weapons detection technology.

2. Airport tarmacs remain vulnerable to access by unauthorized personnel. What possible remedies do you see for this problem?

Answer: The FAA instituted a rule, last January, to require airport operators to develop and implement enhanced procedures to control access to airport secured areas, such as the tarmac. By August 8 of this year, major airports must submit to the FAA for approval descriptions of the procedures they intend to implement in response to this requirement. Access control should be significantly enhanced when this regulatory change has been fully applied at airports across the country.

3. What measures have been taken by the International Civil Aviation Organization to insure that security regulations are adequate for international civil aviation?

Do you feel that the ICAO regulations are adequate?

Answer: I would like to see a general upgrading of international security requirements. Last February, Secretary Skinner attended a meeting of the ICAO Council to urge the strengthening of international security requirements, and FAA and DOT officials are continuing to work within the international community to help achieve that objective. Terrorism is a global problem and should be dealt with on the international level.

4. The FAA is responsible, in part, for the evaluation of threats such as those received prior to the Pan Am 103 disaster. Please describe, in general terms, the considerations made in this analysis and the steps taken to disseminate information on threats determined to be serious.

Do you feel that this process is adequate?

Answer: I have only had a brief opportunity to assess the adequacy of FAA's program to collect and disseminate security information so my understanding of the particulars is limited. I do intend to spend considerable time, if confirmed, in this and other aspects of the security area. I am aware that a number of improvements to this program have been recently made after a review of the program by Secretary Skinner and FAA officials, and I will work to see that any additional improvements which are warranted are made as they are identified. I am concerned that we must do the best job possible of accessing threat data from intelligence and foreign authorities, assessing that data, and accurately disseminating it to appropriate organizations in a timely way.

5. In the wake of the Pan Am 103 crash, families experienced considerable difficulty in obtaining information about their loved ones. In some cases, families were informed of the death of a child from reporters or via messages left on an answering machine; families were provided with incorrect information or no information at all. I find this situation inexcusable and one that can and should be avoided in the future.

A measure of the difficulty experienced by the families in this and other air disasters has arisen because the airplane manifest does not contain all the relevant information. Please evaluate the possibility of having passport information, including next-of-kin, included on airplane tickets and manifests.

Answer: I share your concern for the families of the victims of the Pan Am 103 tragedy and the manner in which some of them were informed of the crash. As you know, Secretary Skinner has met with the families and has designated a contact in the Department to work with the families on their concerns. The Department of State's Consular Affairs Bureau had the responsibility for the notification of families. It is my understanding that the Department of State has undertaken a comprehensive review of procedures for managing disasters abroad and the notification of the next of kin. If confirmed, I intend to work closely with Secretary Skinner and the Department of State to assure that we have identified all the improvements necessary to address the issues which have arisen out of the Pan Am tragedy.

Senator Steven's Question

In 1978, Congress passed the Comparability Pay Act, which was intended, among other things, to enable the FAA to recruit candidates for the GS-14 pay level position of air traffic control

center flight surgeon. The FAA has not fully implemented this act. Over the past ten years, over half of the air traffic control center flight surgeons have retired or resigned, and most have not been replaced. What steps do you plan to take to address this problem?

Answer: I am pleased to report that the FAA recently received approval of its pay package implementing the Comparability Pay Act, and expects that recruitment of physicians will improve significantly.

Senator Hollings' Questions

1. While the air traffic controller work force exceeds pre-strike levels, experience remains a concern, as there are more than 3,000 fewer Full Performance Level controllers handling 30 percent more airline flights than in 1981. What can be done to resolve this situation?

Answer: I am committed to a strong, improved training process not only for controllers but for all FAA technical personnel. People will be one of my top priorities in the FAA if I am confirmed. I am aware that a number of steps have recently been taken within the FAA to streamline the recruitment and training processes, and I will work to see that these programs retain a high priority.

2. The General Accounting Office recently identified several problems in our air traffic control system, including low controller morale, inadequate training, and concerns that controllers were handling too much traffic during peak periods--problems similar to those GAO identified in 1986. What will you do as Administrator to eliminate these continuing problems in the air traffic control system?

Answer: I am familiar with the general concerns expressed in the GAO report. I have had some briefings on air traffic control training and the FAA's flow control program, but I would like to withhold judgment as to the specific concerns raised in the GAO report until I have had an opportunity to get out into the field to see firsthand the actual operation of our system.

Trust Fund

3. The growing surplus in the Airport and Airway Trust Fund continues to be a problem--especially when airport construction needs remain unmet and major equipment acqusitions are underway. What will you do to draw down the $6 billion Trust Fund surplus?

Answer: The monies in the Trust Fund have been collected from the users of the system and should be used to improve the system for their benefit. I am committed to working both within the Administration and with the Congress to make the case for aviation's needs and to work diligently to see that the necessary resources are made available to meet those needs.

Airport Capacity

4. The FAA has identified airport development needs of $24.3 billion over the next 10 years. Given the FY 1990 Administration request for Airport Improvement Program funding, that leaves an annual funding shortfall of $1.1 billion. How will you propose to fund this difference?

Answer: The Airport Improvement Program is intended to pay only a part of the total public investment in airports. Federal aid has accounted for 30 to 40 percent of past investments in airports. The remaining funds are derived from airport income and state and local grants. Busy airports have reliable streams of revenues from auto parking, car rentals, landing fees, terminal rentals, and other sources. They are often able to finance large projects by issuing airport revenue bonds. Nevertheless, I recognize that there are substantial needs in the aviation community, some of which are difficult to meet at the local level. I intend to work both within the Administration and with the Congress to identify those unmet needs and to seek adequate funding to address them.

ATC Modernization

5. Last year, the GAO found that the FAA's effort to modernize the air traffic control system was three years behind schedule and that overall costs had increased from $16 billion to $25 billion. What must be done to keep costs in line and bring this equipment in closer to schedule?

Answer: I intend to be deeply involved with the FAA's modernization program from the outset, if confirmed. Secretary Skinner commissioned a working group to assess the NAS Plan. I intend to carefully review the conclusions of that group as a means of identifying the best ways of completing this program expeditiously and within budget. I look forward to applying my experience in procurement, planning, and the management of major program acquisitions to the NAS Plan.

Drug/Alcohol Testing

6. What are your views on mandatory random drug and alcohol testing for pilots, controllers, and other safety-sensitive FAA and aviation industry employees?

Answer: I fully support random drug testing for safety-related personnel. My experience in the Navy tells me that it works. The Secretary has announced that he intends to issue an advanced notice of proposed rulemaking to consider alcohol testing as well. I concur in that approach, and look forward, if confirmed, to working with the Secretary on this key program.

Airline Seating Restrictions

7. As you may know, the Committee has reported legislation (S. 341) that would prohibit an airline from restricting the seating of any individual based on their visual acuity. What is your view of this legislation, considering efforts initiated by the FAA earlier this year to restrict exit row seating?

Answer: I have not yet had a chance to be fully briefed on this issue. However, I am aware that the FAA's proposed rulemaking concerning exit row seating was based on the view of agency safety personnel that such a rule was needed for safety. It is my general view that the Congress should give the FAA the flexibility to regulate in the aviation safety area, subject to legislative oversight. Beyond that, I am reluctant to go into much more detail given the pendency of the rulemaking and the possibility that I could be the decisionmaker in such a rulemaking.

Senator Ford's Questions

1. The Committee is concerned about the quality of the FAA work force, as well as the adequacy of staffing levels. We are also concerned about the need for continuing education and training of the FAA work force as it matures. In your view, what can be done to ensure that technology and the rapid change in industry does not outstrip the FAA's ability to ensure the safety and efficiency of our air transportation system?

Answer: These are concerns I share as well. And, of course, they are not issues which affect only the FAA. Every technical agency has to deal with these concerns. Recruitment and training are key elements of ensuring a competent technical workforce. I will assure that FAA continues to focus attention on the need to improve in both of these areas. Additionally, FAA has made recent efforts to work more closely with institutions of higher education and I support such close ties with the academic community.

2. The FAA is continuing its on-going efforts to modernize the Nation's air traffic control system through the National Airspace System Plan. What role will you, as Administrator, play in ensuring that this $16 billion effort proceeds in a timely, cost-effective manner?

Answer: I will be working closely with those who are responsible for managing the day-to-day NAS Plan efforts. I am committed to achieving the benefits of this program expeditiously and within budget. I will be looking not only at the way we are currently managing the program but at the procurement process itself, with a view toward making whatever changes my experience suggests will strengthen our approach in these areas. Additionally, I will carefully assess the report of the working group that has reviewed the NAS Plan pursuant to Secretary Skinner's earlier request.

3. What are your views on the need for a national policy to mitigate aviation noise and avoid unnecessary restraints on interstate commerce? If such a national policy is needed, should the lead be taken by the Executive Branch or Congress?

Answer: As I indicated in response to an earlier question from the Committee, I have an open mind on this matter. I intend to familiarize myself more with the issues involved but, at this time, would expect that ultimately any national policy would need both executive and legislative branch involvement and support to be effective.

4. The FAA has proposed a 5-year demonstration program allowing pay enhancements for air traffic controllers at 11 facilities at high-cost locations. This proposal has run into difficulty in deliberations over the FY 1989 Supplemental appropriations bill. What problems will the FAA encounter if this program is not fully funded?

Answer: We intend to put our demonstration program into effect next week with the same provisions and coverage we earlier had proposed. My current concern over funding is the level of funding for next year and succeeding years when the costs of such a program will increase. If we do not achieve adequate funding for the program in those years, we will have to find other offsets in our budget to continue the demonstration project.

Senator Inouye's Questions

1. As you are aware, I am a frequent flyer. I have spent countless hours over the years in the air flying between my home State of Hawaii and our nation's Capitol. Accordingly, I am concerned about the ability of our aviation professionals to perform their duties in a safe and alert manner. To prevent fatigue and overwork, I understand that the Federal Aviation Administration regulates the work hours and requires rest periods for airline pilots, flight engineers, flight navigators, dispatchers and air traffic controllers. However, it does not accord the same protection for our nation's flight attendants. It is for this reason that I, together with Senators Adams and Simon, introduced S. 1170, the Flight Attendant Duty-Time Act.

Hawaii has been the location of two airline disasters within a relatively short period of time. First, there the Aloha Airlines accident and second, we experienced the United Flight 811 disaster. In the Aloha Airlines incident, a flight attendant tragically lost her life while attempting to assist her passengers. The flight attendants on both planes selflessly worked to ensure the safety of their passengers. About a month ago, Transportation Secretary Skinner presented not only the pilots, but also the flight attendants of United Flight 811 with plaques of commendation for their heroic efforts. Mr. Busey, I am

interested to know the basis upon which the FAA rejected two separate petitions for flight and duty time limitations for flight attendants last January?

2. From my reading of the FAA's denial of protection for the flight attendants, the FAA concluded that there was no evidence of a correlation between passenger safety and a flight attendant's fatigue. It seems like common sense to me that if an attendant has been working for over 15 - 20 hours straight, he or she is less likely to be alert to the numerous potential safety hazards on an aircraft. Flight attendants are the first line of defense during hijackings, fires on the plane, passengers' medical emergencies, and explosive decompressions, which is what occurred when a large part of the Aloha plane's roof was torn from the fuselage. I am sure that I speak for my colleagues when I say that I sure would not want the flight attendants on my plane to have gone without rest for 15 - 20 hours.

I understand that the FAA recently testified before our House counterparts on the Duty-Time legislation, wherein it agreed to reconsider the matter, and has begun a study of flight attendant duty hours. Is it your position that if the study evidences that flight attendants' extraordinarily long hours is inducing serious fatigue, that the FAA will propose rulemaking to limit duty hours and mandate rest periods?

3. Despite the important role that flight attendants play in maintaining the safety of our airways, the FAA has refused to include them in the protective class of "safety-sensitive" employees in need of duty time limits. However, for purposes of random drug testing, flight attendants are deemed "safety-sensitive." It seems ironic that the FAA requires drug testing of flight attendants to ensure that they are mentally alert, but yet allows them to work beyond the brink of physical exhaustion. How do you reconcile these inconsistent positions?

Answer: The FAA denied the earlier flight attendant petitions for rulemaking because the proponents of duty time limitations did not provide adequate data upon which to propose a rule change. Therefore, as you have noted, FAA officials at a recent House Subcommittee on Aviation hearing advised the Subcommittee that the FAA itself would seek out data upon which to make a determination concerning the need for duty time limitations. That data collection effort has now begun and will provide an informed, objective basis upon which an appropriate regulatory decision can be made. My own position is that I have an open mind on this issue and, if confirmed, I will carefully review the data developed by the FAA and make a judgment as to the need for a rule based upon that information. I want to stress my recognition of the important role that flight attendants play in our air transportation system.

State of Hawaii Special Transportation Fund

1. The State of Hawaii is interested in creating a special transportation fund for highway and other transportation improvements. This fund will be financed by fees the State receives from the duty-free shop in Waikiki. This off-airport duty-free shop was established to take advantage of the boom in Asian travel to Hawaii. The substantial increase in sales is primarily a result of the State's successful efforts to bring more foreign tourists to the Islands.

The State's plan insures that no monies would be placed into the Special Funds unless its Airport Revenue Fund maintains 150 percent of the State's share of the capital needs and improvements of the airports, including noise abatement projects and debt service on bonds, at the beginning of each fiscal year. Only monies from the Waikiki duty-free shop would go into the new fund; all funds generated by the on-airport duty-free shop will continue to be deposited into the Airport Revenue Fund. Additionally, 10 percent of the fees from the Waikiki shop would be paid into the Airport Revenue Fund as an access fee for the right to deliver goods to passengers at the airport.

Mr. Busey, even with these limitations, this Special Fund could receive approximately $40.4 million in 1989, $65.0 million in 1990, $55.4 million in 1991, and $30.8 million in 1992.

I am fully aware that FAA opposes the State of Hawaii's proposed fund based on the contention that it violates the Airport and Airway Improvement Act which requires that all funds generated by the airport be used for its capital and operating costs. However, my question is whether, aside from the statutory constraint you believe exists, you have any philosophical objections to the State's use of funds for highway and other transportation improvements, where such funds are generated in a duty-free shop in Waikiki and are above and beyond what the State needs for its airport operations?

2. Secretary of Transportation Skinner has publicly stated, on several occasions, that he is strongly encouraging states to develop innovative means of financing their transportation and related infrastructure needs, rather than continuing to request federal funds for their projects. I believe that the State of Hawaii's Special Transportation Fund is such an initiative. Accordingly, may I count on you to work with me and the State of Hawaii in good faith to protect the airports' needs while simultaneously allowing the State, in furtherance of Secretary Skinner's policy, to satisfy its other transportation needs?

Answer: I have not had an opportunity to become very familiar with the apparently complex issues raised in these questions. I understand that this matter is currently under review by the Secretary. I intend to keep an open mind and stand ready to work with the Secretary and the Congress in addressing this matter.

Senator Kerry's Questions

1. Do you think it is important for security personnel to be given an image of the perceived explosive? Might this assist security personnel in detecting a false alarm. In addition, might this ability also be useful in detecting the size and location of a potentially dangerous device?

Answer: An image of a perceived explosive might reduce problems with false alarms that could otherwise be encountered with TNA-type technology. For that reason, the TNA units being purchased by the FAA for operational testing and evaluation will include an x-ray system. The extent to which the x-ray unit may facilitate the detection of potentially dangerous devices will be further assessed during FAA's evaluation.

2. There are many federal agencies with indepth knowledge in the areas of security and explosives detection. As the new FAA Administrator would you support the creation of a joint FAA/FBI panel of experts, who along with representatives of the security industry, would conduct unbiased testing of all explosives detection technologies?

Answer: I understand that the FAA already employs as consultants in its aviation security R&D program scientists from the Departments of Defense and Energy. FAA security professionals are active members of several interagency counterterrorism committees. In the spring of 1988, the FBI conducted an extensive test of commercial explosives detection equipment at its facilities in Quantico, Virginia. The FAA and the Departments of Defense, Energy, Justice, State, and Treasury were well represented as well as the Canadian RCMP and Ministry of Transport. In short, it is my understanding that FAA and other Federal agencies are already actively sharing technical information and conducting appropriate joint tests.

3. In the last few years there have occurred some minor and some tragic instances of commercial aircraft incidents which have been linked to the age of our nations commercial aircraft fleet. Although the overwhelming majority of aircraft are exceptionally well maintained, what would you do as the FAA Administrator to examine the issue of aging aircraft?

Answer: I have had a brief exposure to FAA's program for dealing with aging aircraft and I am impressed with not only the scope of the program but the exceptional cooperation the agency is receiving from other government agencies and industry. From my own perspective, I am aware that the Navy has done a tremendous amount of work in the area of corrosion and I would like to ensure that the FAA is fully tapping that resource for potential civil application. With my background, I would hope to be able to facilitate that exchange of information.

4. Many Americans are concerned about the effect that aircraft age may have on airline safety. Do you believe that the FAA must take the lead in monitoring the long term safety of the commercial fleet? What steps would you take to ensure that research is conducted which studies the life cycle of different categories of commercial aircraft?

Answer: I believe that the FAA should take the lead in monitoring the long term safety of the commercial fleet. To do so, FAA has already implemented a "hands-on, over-the-shoulder" evaluation program of aging airplanes by a team of inspectors and engineers.

FAA is also implementing an R&D program to establish prediction and detection techniques for multi-site cracking, and to investigate nondestructive inspection techniques, corrosion inspection and treatment methods, and human factors associated with inspections. This program also includes studies of the life cycle of different categories of commercial aircraft.

5. No major airport has been built in the United States since 1975. Financial and environmental constraints are formidable obstacles to those who propose increasing air capacity by pouring more concrete. Given the current situation should we view our existing major airports as limited resources that must be managed as such? What else can be done by the FAA to relieve congestion and enhance capacity?

Answer: I don't believe that we can afford to take the position that new airports cannot be built or that existing airports cannot be expanded. The future growth of our air transportation system is reliant on additional capacity, and I believe the FAA must actively work with communities around this Nation to market the need for additional airports. We also need to explore additional technological advances through our R&D programs and the NAS Plan, and develop further procedural changes to facilitate the flow of traffic. Further, I will work to increase the joint-use of military airports.

6. Should public authorities such as airport commissions look to expand the system by pressing for greater joint use at existing military facilities?

Answer: I believe that would be a worthwhile goal. I believe we must strive for capacity increases in all feasible areas.

Senator McCain's Question

Admiral Busey, by way of laying a foundation for the question I will eventually ask, I would like to relate an experience regarding Executive Branch implementation of the Federal Aviation Act. In 1985, Congress passed an amendment to the Federal

Aviation Act. It was a succinct, clear statement requiring indemnification of aeronautical chart makers in very precisely described situations. The Department of Transportation and the FAA did little to implement this statute for nearly three years. Not until last August did the FAA file a proposed rulemaking. As Chairman Ford and Senator Kassebaum pointed out at that time, the proposal was a travesty of bureaucratic evasion. The comment period for the proposed rule closed five months ago. There has been no response from the FAA.

All this is by way of asking you to comment on your philosophy of faithful execution of legislation in general and to urge you specifically to look into this situation.

Answer: I agree that it has taken too long to resolve this matter. I will personally look into the issue, if confirmed, and will seek a speedy and appropriate resolution. I can assure you that I will be committed to faithfully discharging the legislative mandates of the Congress in a timely and responsive way.

U.S. Department of Transportation
Federal Aviation Administration

Office of the Administrator

800 Independence Ave., S.W.
Washington, D.C. 20591

JUL 5 1989

The Honorable Wendell H. Ford
Chairman, Aviation Subcommittee
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

During my confirmation hearings, I agreed to review the Federal Aviation Administration's (FAA) recent amendments to the foreign repair station certification regulations personally. I have now completed my review of this issue, considering all available data and placing particular emphasis on the economic aspect as it relates to employment of U.S. citizens and the safety concerns raised by opponents of the rule.

Economic considerations:

Unions have alleged that recent changes to the FAA's regulations will result in a loss of jobs for U.S. citizens. I do not believe this will occur. Such allegations are not supported by current economic projections. Since the rule became effective on December 22, 1988, we have not seen any major move on the part of the airlines to transfer existing maintenance work to foreign facilities. Further, I have not seen any data substantiating loss of jobs during the last 6 months or any reasonable analysis projecting such job loss in future years.

Data received as a result of surveys conducted by the aviation industry indicate that domestic repair stations are working at full capacity. The demand for domestic repair stations is increasing, with both foreign and U.S. air carriers contracting for their services. In fact, operators have stated that they are experiencing delays in scheduling maintenance, and in some cases, contracts have been canceled or not renewed because the repair stations cannot meet these increasing demands.

In response to the growing need for aircraft maintenance facilities, several air carriers plan to build comprehensive new maintenance and repair facilities in the United States. One of these airlines plans to employ approximately 4,500 maintenance and support personnel at a new facility.

All aspects of the aerospace industry have grown in recent years. Foreign countries have entered the aircraft manufacturing field. Today's modern

"foreign" aircraft may have substantial portions built in the U.S., and "U.S.-manufactured" aircraft all include substantial components manufactured in several foreign countries. U.S. airlines must ensure that parts are maintained according to standards set forth by the FAA. Many foreign airline fleets are composed of leased, U.S.-registered aircraft that require the support of local "foreign" repair stations to ensure continued safe operations and compliance with applicable U.S. regulations.

For these reasons, it is essential that the FAA provide a means for U.S. operators to have access to foreign maintenance facilities that have been found to meet the standards set forth in the Federal Aviation Regulations (FAR). In the past, the FAA has granted exemptions to allow U.S. operators to contract with foreign original equipment manufacturers and their designated repair facilities to support both domestic and foreign operations. The internationalization of the industry made this approach administratively impractical to continue.

Safety issues:

With the global reach of the aviation industry, the FAA must assure that facilities performing maintenance on U.S.-registered aircraft or their components meet the standards of the FAR. The FAA has had 40 years of experience certificating and conducting surveillance of foreign repair stations. There has never been any indication that safety has been compromised as a result of use of these facilities. I am committed to assuring that these same safety standards prevail as the FAA continues to certificate foreign repair stations in accordance with existing standards and provides them with continued surveillance. In this regard, the FAA has made a commitment that it will not certificate more facilities that it is capable of monitoring, and I will stand behind this commitment.

Since the new rule was promulgated, the FAA has received approximately 90 inquiries from foreign entities seeking initial certification or added ratings. The FAA has identified 12 European applicants as likely meeting the requirements for immediate certification and is in the process of establishing certification teams for on-site inspection. I have examined overseas staffing levels to ensure that the FAA does not exceed its capabilities. Fiscal year 1990 staffing plans call for adding nine foreign-based airworthiness inspectors to the existing staff. Until these positions are filled, teams of domestic-based inspectors will supplement the international work force to guarantee that safety commitments are met, as has been our practice.

As in the past, any time a foreign repair station fails to meet or comply with FAA requirements, prompt corrective action will be taken in the form of a civil penalty or certificate action, as appropriate.

In light of the safety and economic allegations that have been voiced, it is important to recognize that all maintenance performed on an air carrier's aircraft, wherever it is performed, must be accomplished in accordance with the carrier's FAA-approved maintenance programs. The carrier is responsible for all work performed. In addition, the FAA conducts surveillance of each air

carrier's aircraft and maintenance program performance to evaluate the effectiveness of its maintenance and continuing analysis and surveillance programs. If adverse trends are noted that can be traced to improper maintenance, the maintenance facility is identified by the carrier's continuing analysis and surveillance system, and appropriate action is taken.

I understand your concerns about the potential economic and safety implications of this regulation. I am confident, however, that the allegations raised by those who seek changes to our newly modified regulations will not prove to be valid. I do not believe that the FAA's recent amendment will have a significant adverse effect on aviation safety or the U.S. economy. I will continue to monitor the impact of the new regulations and promptly inform you of any adverse change.

Sincerely,

(signed) J. B. Busey

James B. Busey
Administrator

NOMINATIONS—MAY-JUNE

THURSDAY, JUNE 15, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The committee met at 2:05 p.m., in room SR-253, Russell Senate Office Building, Hon. Wendell H. Ford presiding.

Staff members assigned to this hearing: Steve Palmer, senior professional staff member; Becky Kojm; Carol Carmody, professional staff members; and Ruth Johnson, minority professional staff member.

OPENING STATEMENT BY SENATOR FORD

Senator FORD. Good afternoon, ladies and gentlemen. I want to welcome both Mr. Shane and Ms. Moore here. We are holding this hearing today to consider the nominations of Mr. Shane and Ms. Moore to serve as assistant secretaries at the Department of Transportation for Secretary Skinner.

Both of these nominees are seeking important jobs at the Department of Transportation. Mr. Shane has the unusual distinction of being nominated from the ranks of the career civil service for this position. I am pleased to note that he spent 11 years at the Department of Transportation, where, among other things, he served as deputy for the position he is now seeking. Most recently he has been at the Department of State as Deputy Assistant Secretary for Transportation Affairs. I give Secretary Skinner credit for selecting an assistant secretary with such outstanding professional qualifications.

Ms. Moore comes from the Executive Office of the President. She has held the positions of Deputy Director for Planning for the President-elect, and Deputy Director of Domestic Policy for the Bush-Quayle ticket. She also served as the Director of the Office of Planning, Research and Budget in the National Endowment for the Arts for seven years.

The issues you both will be dealing with at the Department of Transportation are extremely important for the Nation. Mr. Shane will be addressing major policy areas such as transportation capacity and concentration in the airline industry. Ms. Moore must grapple with the OMB and the Congress to ensure funding for the critical systems and personnel necessary to operate and maintain the Nation's transportation network. Transportation issues touch everyone, and problems are getting bigger every year. I am glad to see Secretary Skinner filling out his management team. I hope that

with experienced, capable individuals, he can start to solve some of the problems facing us all.

So we will now welcome to the table both Mr. Shane and Ms. Moore, and we look forward to their testimony. And I will have a few questions for them. If you two will come to the witness table, we will get started.

In this day and age, both of you are equal, but my mother would fuss at me if I did not let the lady go first.

I have an opening statement that Senator Hollings would like to have included in the record.

[The statement and biographical sketch follow:]

OPENING STATEMENT BY THE CHAIRMAN

Today the Commerce Committee will hear testimony from Mr. Jeffrey N. Shane and Ms. Kate L. Moore, who have been nominated to serve as Assistant Secretaries at the Department of Transportation.

Mr. Shane, nominated for Assistant Secretary for Policy and International Affairs, has a very distinguished record both at the Department of Transportation and at the Department of State. He is experienced in international aviation and bilateral negotiations, as well as in aviation and other policy issues. He will need all the skill he can muster to deal with the problems waiting for him as Assistant Secretary. He and Secretary Skinner are going to have to figure out how to deal with the mess deregulation has created in air transportation in this country, as well as work to improve the posture of the United States in commercial arrangements with other countries.

Ms. Moore, if confirmed as the Assistant Secretary for Budget and Programs, will have the unenviable job of putting together the budget for the Department. She will deal with trust funds, general funds, operating funds, no funds, and all the OMB gibberish that tells us the deficit is under control. The job she seeks is an important one, and she brings good credentials to it.

I extend my good wishes to the two nominees, and I look forward to hearing what they have to say. To date, I believe Secretary Skinner's choices have been excellent, and I trust that Mr. Shane and Ms. Moore will continue that tradition.

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
DANIEL K. INOUYE, HAWAII
WENDELL H. FORD, KENTUCKY
J. JAMES EXON, NEBRASKA
ALBERT GORE, JR., TENNESSEE
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
LLOYD BENTSEN, TEXAS
JOHN F. KERRY, MASSACHUSETTS
JOHN B. BREAUX, LOUISIANA
RICHARD H. BRYAN, NEVADA
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LARRY PRESSLER, SOUTH DAKOTA
TED STEVENS, ALASKA
ROBERT W. KASTEN, JR., WISCONSIN
JOHN MCCAIN, ARIZONA
CONRAD BURNS, MONTANA
SLADE GORTON, WASHINGTON
TRENT LOTT, MISSISSIPPI
RALPH B. EVERETT, CHIEF COUNSEL AND STAFF DIRECTOR
WALTER B. MCCORMICK, JR., MINORITY CHIEF COUNSEL AND STAFF DIRECTOR

United States S
COMMITTEE ON COMMERCE, SCIEN
AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINE.

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: MOORE (Last) KATE (First) LEADER (Other)

Address: 3124 P Street, N.W. (Current residence)
Washington, DC 20007

400 7th Street, S.W. (Business)
Washington, DC 20590

2. Position to which nominated: Assistant Secretary for Budget and Programs

Date of nomination: June 6, 1989

3. Date of birth: 05 (month) 16 (day) 1951 (year)

Place of birth: Los Angeles, CA

4. Marital status: Single

Full name of Spouse:

5. Names and ages of children: N/A

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Graduate School of Business, Stanford University	1975-1977	MBA	June 1977
Yale College	1969-1973	BA	June 1973

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
4/89	Present	U.S. Dept. of Transportation Office of the Secretary	400 7th St, SW Wash, DC 20590	SES, Ofc of the Ass't Secretary
1/89	4/89	Executive Office of the President	1600 Penn Ave, NW Wash., DC 20500	Policy Consultant
11/88	1/89	Office of the President-Elect	1825 Conn. Ave., NW Wash., DC 20270	Dep. Dir. for Planning, OPD
9/88	11/88	Bush/Quayle '88	733 15th St, NW Wash, DC 20005	Dep. Dir. of Domestic Policy
11/81	9/88	Nat'l Endowment for the Arts	1100 Penn Ave. NW Wash, DC	Dir., Ofc of Policy, Plng, Resrch & Budget
1/81	11/81	The White House	1600 Penn. Ave., NW Wash, DC 20500	Spec. Ass't to the Chief of Staff
8/80	11/80	Carruthers Co., Reagan/Bush '80	901 S. Highland Arlington, VA	Media Coordinator

(continued on page 10)

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

Federal governemnt work, post college:

National Endowment for the Arts: 11/81-9/88; Dir., Ofc of Policy, Plng, Rsrch, & Budget

White House: 1/81-11/81; Special Assistant to the Chief of Staff

U.S. Department of Transportation: April 1989 to present: SES Position

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

Sept-Nov 1988: Service as Deputy Director of Domestic Policy, Bush-Quayle Campaign

June 1988: $1,000 to the Presidential Trust

June 1987: $1,000 to George Bush for President

Oct. 30, 1986: $100 to Friends of Mattingly Committee

Nov. 3, 1986: $50.00 to Carol Schwartz (for Mayor)

Jan-May 1980: Service as Director of the Advocate Speaker Program, George Bush for President

Nov 1984: $100 to Helen Delich Bentley

July 1984: $50.00 to Bill Schuette for Congress

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

Member, Board of Trustees, St. Thomas More House, New Haven, CT, 1980 to present, serving two years as Secretary and two years as President of the Board.

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

At National Endowment for the Arts: 4-time recipient of Chairman's Distinguished Service Award.

12. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

Article: "Seeking Clarity at the National Endowment for the Arts" in The Journal of Arts, Management and Law, vol. 13, #1, Spring 1983

PREHEARING QUESTIONS OF THE COMMITTEE AND THE ANSWERS

Question 1: You have been nominated to be the Secretary of Transportation's key advisor on budgetary issues. What experiences have you had that you believe qualify you for this position?

Answer:

My qualifications for the position of Assistant Secretary for Budget and Programs include the following: experience in managing a Federal budget and in developing policy at the Federal level; experience in managing career and political government staff; an ability to absorb, synthesize and analyze information; a personal commitment to public service; and a commitment to President Bush's goals of fostering economic growth and investing for the future.

My role as Director of the Office of Policy, Planning, Research, and Budget at the National Endowment for the Arts involved me in every major step of the Federal budget process: developing budget proposals, negotiating the budget with OMB, preparing the budget justification for Congress, defending the budget before Congress, and managing the execution of the annual budget. The skills involved in overseeing the development and execution of the budget of the National Endowment for the Arts -- planning, consultation, strategizing and articulation -- will be useful in managing the budget process at the Department of Transportation.

At the National Endowment for the Arts, I managed a staff of 16 individuals, and successfully applied the principles of (a) fostering incentive and accountability through providing exposure to top management (i.e., the Chairman), and (b) identifying and building on the strengths of individuals to get the job done. My experience has led me to believe that the vast majority of Federal employees are dedicated, capable individuals, and this belief will allow me, I believe, to work effectively with DOT staff -- a team of outstanding professionals.

I also count among my qualifications for this position a personal interest in and commitment to public service. Working to advance the public good is a professional requirement for me. Also, as a supporter of President Bush since 1980, I am committed to his goals of fostering economic growth and long-term investment; having his confidence will allow me to work effectively with his representatives at the White House and OMB and, I hope, with the Congress.

Question 2: Given the statutory requirements under Gramm-Rudman-Hollings to reduce Federal spending in the coming years, how do you see the funding priorities of the Department of Transportation changing?

Answer:

The Secretary will determine the Departments's funding priorities based foremost on his assessment of transportation needs and reflect those priorities in the budgets we submit each year to OMB. He has already indicated that transportation safety and efficiency are top priorities.

Obviously, we are ever mindful of the GRH constraints and recognize that they will encourage us to make sure our budgets request only essential funding. We will no doubt look for more opportunities to impose user fees, reassess the Federal role and identify other funding sources.

In fact, this is one of the basic constructs of the Secretary's National Transportation Policy - to identify transportation needs and the means available to address them.

Question 3: If Federal funds for transportation safety and development programs under the Department's jurisdiction are reduced in the coming years, what alternatives would you advocate to ensure the continuation of adequate program levels?

Answer:

First, let me assure you that, if confirmed, I will stand beside Secretary Skinner in advocating that the Department get the funds it needs to meet the Federal government's responsibilities for transportation safety and development. With respect to safety, let me point out that the Secretary has already observed before this Committee that the United States has the safest transportation system in the world, but it can and must be improved. I agree with the Secretary about the need for other levels of government and the private sector to shoulder their share of transportation investment. That investment pays benefits to all producers of goods and services and to travellers and passengers, and it helps State and local governments fulfill their missions. I agree with the principle that beneficiaries, to the extent they can be clearly identified, should participate in the investment. That means user fees in many cases.

That principle also underlines the Secretary's recent announcement of a new approach to urban transit grants that gives preference to those projects with a larger contribution from non-federal sources. Government/private partnerships will also help meet this Nation's transportation investment needs. An example is the formation of a public service corporation to construct an extension to the Dulles Airport toll road. The Secretary has been encouraging such innovations, and I believe they will constitute an important element in creating and maintaining America's transportation infrastructure.

Question 4: What role do you believe the Assistant Secretary for Budget and Programs should play in reviewing and modifying regulatory and legislative initiatives proposed by the modal administrations within the Department?

Answer:

The Assistant Secretaries in the Department of Transportation are staff advisers to the Secretary and the Deputy Secretary. In that role, they review regulatory and legislative proposals from the modal administrations, but they have no authority to modify them -- that is the Secretary's role if, in his judgment, he deems that appropriate. The Secretary has made clear that he does not want the Office of the Secretary to second-guess the modal administrations on safety and technical matters, and, if confirmed, I would reiterate that guidance to my staff.

Nevertheless, there is value to our review of modal regulatory and legislative proposals within the Office of the Secretary. For example, Secretary Skinner has stressed the importance of recognizing intermodal opportunities, and individuals within the Office of the Secretary -- working with all of the modes as they do -- are in a good position to identify them. The General Counsel and the Assistant Secretary for Budget and Programs can help the modal administrations ensure that their rulemaking documents and legislative proposals comply with Executive Branch directives -- much of the work done within the Office of the Secretary can facilitate responses from such agencies as the Office of Management and Budget.

The Assistant Secretary for Budget and Programs has the specific responsibility to advise the Secretary on the allocation of scarce resources, and regulatory and legislative proposals usually have significant resource implications, so there is a logical role here.

The Secretary has stressed that he wants Department employees to work together as a team, and I believe that Office of the Secretary review of regulatory and legislative proposals can and should be conducted in that spirit. By that I mean Office of the Secretary staff should work with the modes as the proposals are being developed so that OST staff advice is considered early on. The role of the Office of the Secretary should be one of cooperation to advance agreed-upon goals, not one of confrontation or obstruction.

STATEMENT OF KATE L. MOORE

Ms. MOORE. Well, thank you very much, Mr. Chairman. I appreciate that. And it is indeed a pleasure to be here. And I am grateful to you and to this committee for putting me on your schedule at very short notice. I really do appreciate that very much.

Before we go any further, I do have a prepared statement that I did submit for the record, and may I just take a moment to introduce my folks, sir, who are here.

Senator FORD. That is probably the most important thing you will do today.

Ms. MOORE. My father, Richard Moore and my stepmother, Esther Moore. And my father is going to be coming among you and your colleagues as he is the designated person for the ambassadorship to Ireland. My father—Dad, Esther.

Senator FORD. We are delighted to have you, and we appreciate you coming and giving support to your daughter.

Ms. MOORE. Not only are they my folks, they are among my very best friends, sir.

Senator FORD. There is a difference; friends will loan you money.

Ms. MOORE. Mr. Chairman, I am deeply honored that President Bush has nominated me for the position of Assistant Secretary for Budget and Programs at the Department of Transportation. It is a privilege indeed to have been selected by Secretary Skinner to join his excellent team. And I look forward to working with Secretary Skinner in addressing the needs of the Transportation sector, a sector which, as you pointed out, is a vital component of our economy, critical to our global competitiveness.

If confirmed, I will do my utmost to fulfill the important responsibilities of this position, and would be eager to work with your committee and the Congress.

My previous professional experience, which encompasses both budget management and policy development, as well as analytical work in the business sector, has helped prepare me for the responsibilities of this position.

I have worked successfully with both career and political staff. And I know, firsthand, the importance of broad consultation in budget and policy development, consultation in the executive branch, with the Congress, and with those outside of government who are affected by our decisions.

I am committed to being an honest broker in trying to balance competing interests and needs. And furthermore, I recognize the importance of understanding how decisions made today will affect the longer term.

We have a President who is committed to investing in the long term, and a Secretary who is a strong advocate for such investment. And I share the philosophy that says that we must look to the future.

In closing, Mr. Chairman and members of the committee, thank you again for the opportunity to speak to you today. I greatly appreciate your consideration of my nomination, and again, especially on such short notice, and would be pleased to try and answer any questions you may have.

Senator FORD. Thank you very much.

I am very pleased to have my friend, the distinguished Senator from Arizona, the ranking member of the Aviation Subcommittee here. And before I take Mr. Shane's statement, I will ask Senator McCain if he has any statement he would like to make.

Senator MCCAIN. No, thank you, Mr. Chairman.

Senator FORD. Senator Lott has arrived. Do you have any statement you would like to make?

Senator LOTT. No, Mr. Chairman. I am just sorry I am late and I missed your statement. But, good luck to you. We certainly look forward to working with you.

Senator FORD. Mr. Shane, you may proceed.

[The biographical sketch and prehearing questions follow:]

DANIEL K. INOUYE, HAWAII
WENDELL H. FORD, KENTUCKY
J. JAMES EXON, NEBRASKA
ALBERT GORE, JR., TENNESSEE
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
LLOYD BENTSEN, TEXAS
JOHN F. KERRY, MASSACHUSETTS
JOHN B. BREAUX, LOUISIANA
RICHARD H. BRYAN, NEVADA
CHARLES S. ROBB, VIRGINIA
JOHN C. DANFORTH, MISSOURI
BOB PACKWOOD, OREGON
LARRY PRESSLER, SOUTH DAKOTA
TED STEVENS, ALASKA
ROBERT W. KASTEN, JR., WISCONSIN
JOHN McCAIN, ARIZONA
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TRENT LOTT, MISSISSIPPI
RALPH B. EVERETT, CHIEF COUNSEL AND STAFF DIRECTOR
WALTER B. McCORMICK, JR., MINORITY CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Shane (Last) Jeffrey (First) N. (Other) (M.I.)

   Address: 3809 Warren Street, N.W. (Current residence) Washington, D. C. 20016

   Department of State (EB/TRA) (Business) Washington, D. C. 20520

2. Position to which nominated: Assistant Secretary of Transportation for Policy & International Affairs

   Date of nomination: May 31, 1989

3. Date of birth: 03 (month) 27 (day) 41 (year)

   Place of birth: New York, N.Y.

4. Marital status: Single

   Full name of Spouse:

5. Names and ages of children:

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Princeton University	9/58-6/62	A.B.	1962
Columbia Law School	9/62-6/65	LL.B.	1965

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
10/85	present	Dept. of State	Washington	Dep Asst Secretary
10/83	10/85	DOT	Washington	Dep Asst Secretary
3/79	10/83	DOT	Washington	Asst Gen Counsel
12/78	3/79	Lib. of Congress	Washington	Project Director
1/78	12/78	Self	Washington	Attorney
11/75	1/78	U.N.	Thailand	Tech. Assistance
7/74	11/75	Env. Law Inst	Washington	Research

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

   See Federal government experience listed in Item 7, above.

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

D.C. Bar

American Bar Association

Cosmos Club of Washington

Princeton Club of Washington

Columbia University Club of Washington

International Aviation Club

Aero Club of Washington

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1988 - Presidential Meritorious Rank Award, Dept. of State

1987 - SES Performance Award, Dept. of State

1985 - SES Performance Award, DOT

1984 - SES Performance Award, DOT

1983 - SES Performance Award, DOT

1982 - SES Performance Award, DOT

1981 - Cash Award, DOT

PREHEARING QUESTIONS OF THE COMMITTEE AND THE ANSWERS

QUESTION 1: Policy and International Affairs encompasses a broad range of problems and issues. What do you see as the major challenge facing the Department? On what concern do you intend to concentrate your attention first?

ANSWER:

Secretary Skinner has already articulated his agenda for the Department and I will, of course, concentrate on implementing the policy and international components of that agenda. The Secretary has noted the critical need for a National Transportation Policy to provide a framework and vision for addressing the issues confronting our transportation systems over the coming decades. The Policy Office and others in the Department are already at work developing the policy, and we expect to initiate soon a process of broad Congressional, public and industry consultation.

The key substantive issue is the capacity of our transportation infrastructure to support continued economic growth and other national objectives such as national security and international competitiveness. The transportation infrastructure is a critical element in the foundation for our economic well-being, and we must develop policies, financing mechanisms and a national commitment to assure that our economic strength is maintained and expanded in the years ahead. This is an issue that cuts across all transportation modes.

A second priority concern on which I would expect to work intensively is concentration in the airline industry. We need to assure that the various forces leading towards increased concentration not deprive the public of the full benefits of airline deregulation.

There are two other areas where I also expect to devote considerable effort. One is the strength of our merchant marine. We need to assure that the U.S.-flag fleet is able to operate on a competitive footing with foreign-flag operations and that sealift resources will be sufficient to meet defense mobilization requirements in support of national security policy.

The other area is environmental management. We need to assure that transportation policies contribute to the national effort to protect and restore our environment. That means, for example, that we need a comprehensive oil pollution liability and compensation statute, and that transportation programs support national clean air and wetlands protection goals.

QUESTION 2: Your background and speeches demonstrate an impressive understanding of international aviation issues. How has your experience prepared you for understanding the problems in other modes of transportation.

ANSWER:

My experience at the Department of State and DOT has given me a broad and in-depth exposure to a great many other transportation issues.

I first joined the Department of Transportation in 1968 as a trial attorney, and represented DOT in administrative proceedings before the Interstate Commerce Commission and the Federal Maritime Commission, as well as the Civil Aeronautics Board. I was later appointed Special Assistant to the General Counsel with a special focus on environmental issues. I spent the vast majority of my time on issues arising in the programs of the Federal Highway Administration, the Coast Guard, and the Urban Mass Transportation Administration, although the Federal Aviation Administration's airport grant program was another important source of controversy. Because I was liaison with the Department of Justice on litigation involving each of these DOT agencies, I learned a great deal about the intricacies of their respective programs.

In 1971 I served as counsel to an ad hoc task force created by Secretary John A. Volpe to work out a route system for a new company called the National Passenger Rail Corporation, now known as Amtrak. Sometime later I helped draft legislation that made Washington's privately-owned bus company a public entity. I worked with UMTA to work out reliable Federal financing for the then embryonic Washington Metro to ensure that the contributions of the local jurisdictions would be matched in keeping with expectations.

In 1979 I returned to DOT as Assistant General Counsel for International Law. At that time, I concentrated on maritime policy as well as aviation. I also assisted Secretary Dole in establishing a new DOT Office of Commercial Space Transportation. From 1983 to 1985 I served as Deputy Assistant Secretary for Policy and International Affairs, and conducted several rounds of international negotiations on maritime issues. My work during my three and a half years at State included a great deal of attention to ocean shipping.

In short, my experience goes well beyond aviation, and I would expect that experience to serve me well in this new position.

QUESTION 3: What concerns, if any, do you have about the treatment of U.S. airline computer reservations systems by other countries?

ANSWER:

As computer reservations systems assume pivotal importance in the marketing of air transportation, U.S. airlines are actively involved in trying to export their systems to travel agents in other countries. United States airlines are entitled to a fair opportunity to market their air transportation through the distribution systems of their choice. Consequently, we are concerned about both foreign government policies and foreign airline actions that restrict the access of U.S. airline computer reservations systems to foreign markets.

As the U.S. Government's chief aviation negotiator, I personally directed a major initiative to ensure that foreign markets are open to U.S. computer reservations systems. In two cases pursued under the International Aviation Fair Competitive Practices Act, moreover, DOT has taken the position that foreign airline actions, such as withholding permission for U.S. computer reservations systems to issue their tickets in the foreign airline's home market, are inconsistent with the fair and equal opportunity to compete provisions of our international aviation agreements.

We will continue our active efforts to ensure that neither telecommunications policies nor foreign airline blocking actions arbitrarily undermine the competitiveness of U.S. airline computer reservations systems.

QUESTION 4: What is the current climate for bilateral negotiations on airline routes with Europe and Japan?

ANSWER:

We have worked hard to improve the climate for bilateral negotiations on airline routes with Europe and Japan. In Europe, we have had a number of negotiations looking toward the expansion of route rights for both U.S. and foreign airlines. We have been successful in resolving a number of "doing business" issues, clearing the way for discussions of expanded route opportunities on a reciprocal basis. In the near term, we expect to be in negotiations on route rights, as well as other issues, with France, the Netherlands, Germany, and Hungary. A U.S. delegation is in Poland right now, and will be moving on to Czechoslovakia next week. At the end of this month, we will send a team to Paris to discuss transatlantic air fares with the European Civil Aviation Conference, covering much of Europe. We have continued to monitor closely the move toward a unified aviation market in Europe by 1992. Our first interest is to ensure that current route rights for U.S. airlines are not placed in jeopardy. Longer term, we are examining the pros and cons of entering into a multilateral aviation agreement with Europe that would include expanded route opportunities.

In Japan, the climate for bilateral negotiations has become more favorable than it has been for some time, because we do not currently have before us the large number of "doing business" issues that we have had in the past. More attention, therefore, can be devoted to discussions aimed at reaching an agreement on opportunities for new services in this huge and growing aviation market.

QUESTION 5: What major international route cases are pending at the Department of Transportation?

ANSWER:

a) U.S.-Australia Service Proceeding: to select one additional U.S. carrier to serve Australia from among four applicants. Currently pending before an Administrative Law Judge; recommended decision expected within a few weeks.

b) United States - Mexico All-Cargo Service Proceeding: to select three U.S. carriers from among five applicants to provide service on the U.S.-Mexico all-cargo route. Currently pending before an Administrative Law Judge; recommended decision expected within a few weeks.

c) Western U.S. - Mexico Service Proceeding: (The only remaining contested route involves selection of one of two applicants to serve Los Angeles - La Paz. Most routes initially at issue in this case became uncontested due to withdrawal of many of the applications; the remaining applicants received their certificates by expedited final order.)

d) Reassignment of Federal Express Route to Japan: The Department has stated its intention to institute a case to consider the disposition of Federal Express's current small package route to Japan. (Federal Express offered to relinquish the route as a condition of the Flying Tiger route transfer, and the Department did so require.)

QUESTION 6: Your years at the Department of Transportation predate the Airline Deregulation Act of 1978. What do you think of the apparent trend in the airline industry toward consolidation? Do you believe there is a government role in assuring competition?

ANSWER:

Given 40 years of economic regulation, I think it is to be expected that the elimination of control over entry, exit, and pricing, could result in changes in the structure of the airline industry, including greater industry consolidation.

For example, the expansion of hub-and-spoke route networks has increased concentration at many airports, although it has also led to greater productivity and substantial cost savings for air carriers and service improvements for airline travelers.

Three other reasons are important for explaining the trend toward greater industry consolidation. First, there has been substantial merger activity in the last few years. (The Department of Transportation has approved 21 major airline mergers since 1985.) Second, most new entrant air carriers have failed. Third, the distribution of industry earnings has been highly unequal with some airlines earning record profits while others continue to experience substantial losses.

I believe the federal government has a major role to play in ensuring airline competition. The Department of Justice should, and I believe will, vigorously enforce the antitrust laws. Secretary Skinner already has made his views known in two major airline-related competitive issues -- the proposed merger of Delta's and American's CRSs and the proposed sale of Eastern's facilities and international routes at Philadelphia.

The Department of Transportation has broad power under Section 411 of the Federal Aviation Act to assess whether an air carrier has engaged in unfair methods of competition or deceptive practices. The Department also ensures air carrier fitness, and we will use that power to ensure that air carriers have sound business plans and the financial resources to provide continued service. The Department also can undertake enforcement actions to ensure that our current rules are being complied with. Needless to say, airline safety was <u>never</u> dergulated, and it will not be compromised.

Secretary Skinner has convened a Task Force to assess the state of airline competition. After the Task Force completes its work (much of our work will be completed by the fall), we will be in a much better position to decide what actions to take to enhance airline competition.

QUESTION 7: When you were the Deputy Assistant Secretary for Policy and International Affairs, did you participate in any of the reviews of proposed mergers?

ANSWER:

I served as Deputy Assistant Secretary for Policy and International Affairs from October 1983 to October 1985. During that period, the Department decided the following Merger/Acquisition proceedings:

USAir-Pennsylvania Commuter Airlines Docket No. 43095	Approved by the grant of an exemption from the Department's rules.
Midway-Air Florida Docket No. 42790	Approved through a "show-cause" proceeding
Southwest-Muse Docket No. 42987	Approved through a "show-cause" proceeding
United-Pan Am Pacific Division Transfer Docket No. 43065	Approved following an oral evidentiary hearing

I did not participate in the Department's review of any of these transactions. I was actively involved, however, in the implementation of the Department's decision in the Pacific Division Transfer Case as Deputy Assistant Secretary of State for Transportation Affairs. In that case, DOT approved the transfer of route authority from Pan American to United Airlines, including Pan American's authority to serve Japan. DOT's action allowed United to replace Pan American's service in a number of U.S.-Pacific markets, including Japan, provided that United obtained landing rights from the appropriate foreign aviation authorities. I represented the U.S. Government in several rounds of intense negotiations here and abroad. We were able to respond effectively to all bilateral concerns about the substitution and our efforts provided United with the opportunity to replace Pan American's Pacific service without any delay whatsoever, and without any "cost" to the U.S.

I was also involved to a limited extent in DOT's consideration of Carl Icahn's takeover of TWA in 1985. The issue there was limited to whether DOT should respond affirmatively to a request by existing management for a before-the-fact fitness review of a hypothetical post-takeover TWA. We decided that one in the negative.

I would also like to point out that as Assistant General Counsel for International Law, I was deeply involved in the U.S. Government's approval of the acquisition by Texas Air Corporation of Continental Airlines. The CAB had approved that transaction, and the Executive Branch had to determine, as a matter of foreign policy, whether it might have an adverse impact on Continental Air Micronesia's services in the Trust Territory of the Pacific Islands, thereby affecting U.S. treaty obligations.

QUESTION 8: Both the General Accounting Office and the Air Transport Association have completed studies on the effects of concentration at hubs on airline fares and service. When does the Department expect to complete its study of the same subject?

ANSWER:

An analysis of the price and service effects of hub concentration is an integral part of our ongoing review of the state of airline competition.

We expect to complete this phase of our efforts in the next three months. The Task Force will complete its work by the end of the year.

QUESTION 9: In December, the FAA published a rule on liberalizing the use of Foreign Repair Stations for U.S. carriers. The FAA maintains that implementation of the rule will not result in loss of jobs to overseas repair work, or in derogation of safety. Are you convinced of this? What evidence can you offer?

ANSWER:

I have watched this issue for some time. Under the amended regulations, qualified foreign repair stations can now work on aircraft, engines, parts and components used in U.S. domestic, as well as international transportation.

I have enormous respect for the technical judgment of the FAA, and I have not seen any basis for second-guessing their judgment on the safety ramifications of the final rule. As I understand it, many foreign repair stations have excellent safety records. Foreign repair stations are, moreover, subject to the same certification, surveillance and enforcement requirements as are domestic repair stations.

In the past, Congress has legitimately raised questions about the FAA's ability to inspect foreign repair stations. The FAA estimates that it would take only 44 additional airworthiness inspectors to cover a doubling of the number of foreign repair stations, and the FAA already has over 900. In addition, the FY 1990 budget requests an increase of 300 FAA airworthiness and operations inspectors. I understand that the FAA has received only 81 foreign repair station certificate applications thus far, and that of these only 12 appear at this time to merit serious consideration.

While there obviously will be some transfer of repair work from the United States to repair stations overseas, the information I have seen thus far suggests that the estimates of U.S. job losses have been greatly exaggerated. The issue must be viewed, moreover, in the context of the potential consequences for U.S. employment of foreign retaliation if the free use of certificated foreign repair stations is not permitted. I am told that U.S. repair stations enjoyed better than a 2-to-1 trade surplus in aircraft repair work in 1986 with Europe, and that the trend for the past five years has steadily favored U.S. repair stations. Thus, U.S. industry and employment would likely be heavy net losers if there were retaliation as a result of our failure to implement the rule.

STATEMENT OF JEFFREY N. SHANE

Mr. SHANE. Thank you, Senator Ford.

As the most important thing that I do today, I would like to introduce my father, Albert Shane, who has come for this occasion. Dad, why don't you stand up?

Senator FORD. Is he a friend, also?

Mr. SHANE. He is definitely a friend, sir.

Senator FORD. I told them the difference between parents and friends here a while ago; a friend would lend you money.

Mr. SHANE. He satisfies the definition of friend even by that criterion.

I am delighted to be here today, Mr. Chairman and other members of the committee, and to have this opportunity to discuss with the committee some of the policy issues that are currently confronting the Department of Transportation.

At the outset, though, I want to say how deeply honored I am to be President Bush's nominee for the position of Assistant Secretary of Transportation for Policy and International Affairs. I am particularly grateful to the Secretary of Transportation, Samuel Skinner, for his strong support. He has already established an absolutely superb team of senior advisors, and it is very flattering to have been recommended as a member of that team.

Secretary Skinner has wasted no time in establishing the Department's agenda; the single most important issue on his list is the need for a comprehensive national transportation policy. Members of this committee are familiar with earlier efforts to craft a national transportation policy, and you may well ask whether this is yet another effort to reinvent the wheel.

I have spent a lot of time in Secretary Skinner's office during the past few weeks and I have heard him speak time and time again about his vision of this project, and I would guess that many members of this committee have had similar discussions with him. He is fully committed to this enterprise, and I can assure you that he has no intention of issuing a collection of platitudes.

Put broadly, the key substantive issue is the capacity of our transportation infrastructure to support continued economic growth, national security and international competitiveness.

Because the transportation infrastructure is so critical a part of the foundation for our economic well being, we must develop policies, financing mechanisms and a national commitment to ensure that it remains capable of sustaining and expanding our economic strength in the years ahead. This is an issue that cuts across all transportation modes, and it affects a great many interests.

For that reason our work will involve a great deal of outreach and consultation. This is not the kind of effort that can be done successfully in a vacuum.

A second priority is the maintenance of healthy competition within the U.S airline industry. We must assure that an apparent tendency toward increased concentration does not deprive the public of the full benefits of airline deregulation.

Secretary Skinner has already expressed his concern about this issue on a number of occasions in the context of particular proposed transactions. He has also organized a DOT task force and in-

structed it to produce a detailed study of airline competition. Many of the major conclusions of that study will be available within the next three months. I can assure the committee, on the basis of the work undertaken thus far, that the study will make an important objective contribution to an area that has already been the subject of a great deal of attention, particularly here in the Congress.

My appointment as Assistant Secretary for Policy and International Affairs would carry with it an opportunity to continue working in the areas of international aviation and ocean shipping.

I have felt for some time that the global framework for international aviation and our national policy with respect to international air services are badly in need of a fresh look. The contribution that international aviation makes to America's economic health is enormous, but it is not at all clear that we are doing everything that we can to ensure continued expansion of those services.

It goes without saying that the health and vitality of the U.S. merchant fleet are similarly critical to our national well being. A tremendous amount of thought has been directed at ocean shipping policy in recent years, and it is now time to consolidate that thinking into a viable program.

A great many other important issues, of course, must also be addressed. Airline security and environmental quality, to mention just two, have already been the subject of major Administration initiatives, but my intention today is to highlight a few major themes, not to offer an exhaustive work plan.

I would consider it a privilege of the first magnitude to participate in the U.S. government's continued efforts on these issues. An important reason for that sense of privilege is the quality of the representation which I have found to exist throughout the transportation industry.

Possibly the most personally gratifying aspect of government service in the transportation sector is the opportunity one has to work closely and frequently with some of the most thoughtful people in U.S. industry. I take enormous pleasure in the prospect of being able to continue and hopefully expand a dialogue that I have enjoyed for many years.

I look forward with equal pleasure to spending more time within the halls of Congress. President Bush and Secretary Skinner are placing great emphasis on the importance of cooperation between the executive and legislative branches. We have important work to do and we will succeed only through a process characterized by communication, healthy give and take and a willingness to find reasonable compromises.

In my past work with Congress on transportation issues I have always been impressed by the level of commitment that exists within this institution to finding the right answers. That commitment is shared within the executive branch.

Government has no more important task than to ensure that our transportation industry continues to grow and prosper, and that it maintains the wherewithal to move our people and cargo safely, efficiently and economically.

Quite simply, Mr. Chairman, there is no job in the government that I wanted more than the one for which President Bush has

nominated me, and I hope to be able to prove myself worthy of that trust.

That concludes my opening statement. And I, too, would be delighted to answer any questions that you might have.

Senator FORD. Thank you very much, Mr. Shane.

Ms. Moore, I have just two or three questions. And you know it is unfortunate that if you arrive at a station in life where you are worth a little bit, you cannot hold on to it unless you recuse yourself or put it in blind trust.

So it is somebody who does well that has to divest himself of all these good things. Of course, that is part of the game and you understand that very well. And I will ask the question, so that it might be a part of the record.

Ms. MOORE. Yes, sir.

Senator FORD. It is my understanding that the Department of Transportation's general counsel has reported, based upon your intentions, that you will divest yourself of financial interest in several major firms within 90 days of assuming this position. Is that correct?

Ms. MOORE. That is correct, sir. Yes.

Senator FORD. And that you will recuse yourself if there is any conflict among those various and sundry firms?

Ms. MOORE. Yes, I will.

Senator FORD. And you also are placing some pre-existing family trusts in a trust arrangement to be approved by the Office of Government Ethics?

Ms. MOORE. That is correct, sir. Yes.

Senator FORD. That is fine. And you understand the questions, so we will not have any opportunity to be asked why we did not ask that question.

Ms. MOORE. Right. I understand.

Senator FORD. What will your priorities be? The size of the pie to be divided, you know, among transportation programs is likely to shrink in future years, especially in relationship to funding needs. The infrastructure of this country, is one of those things that you will say grace over, if I may use that term. What would you suggest to Secretary Skinner to ensure adequate funding for critical transportation safety and development programs?

Ms. MOORE. First, let me say to you, sir, that if confirmed, I will stand beside the Secretary in advocating that that this department gets the funds that it needs to meet the federal role and responsibilities in the transportation sector, especially in the areas of safety and investment for the future.

We have a President who has made that a key theme already in his administration—of investing now for the future. And we have a Secretary who is very determined to get the facts on the table, with respect to what our needs are. And that is what the transportation policy development is all about. He is a man who wants to get the facts on the table, assess those facts, consult with the relevant folks, make a decision, sell the decision and face the consequences and take responsibility for that.

So, I plan to work with the Secretary as we assess those needs and evolve the priorities in the context of that transportation policy.

Senator FORD. What role do you believe the Office of the Secretary should play in evaluating and revising policy proposals of agencies, such as the FAA?

Ms. MOORE. The assistant secretaries in the Department are staff advisors to the Secretary and to the Deputy Secretary. In that role, they review legislative and regulatory proposals from the modal administrators, but we have no authority to modify them. That is the Secretary's job.

And the Secretary has made it clear that he doesn't want his staff second-guessing, for example, in areas such as safety and technical matters, the expertise that is located in the modal administrations.

I think there is value to the review that we can give. For example, the Secretary has stressed the importance of recognizing the cross-modal opportunities. And I think that those of who are dealing across the modes on a regular basis can help identify those opportunities and bring them to either the Secretary's attention or to the attention of the modal administrators.

So I think there are opportunities to be gained in the role that we have.

Also I think in terms of working with other segments of the executive branch, whether it be OMB or other agencies, we can help grease some wheels and help ensure that the objectives that the modal administrators have identified and that the Secretary has signed off on can be accomplished most easily.

Senator FORD. Let us talk about trust funds just a minute. You have more than one, but I want to talk about one especially.

Ms. MOORE. I think I might know which one you would be interested in, sir.

Senator FORD. Well, go ahead and answer the question then.

We have, of course, continuing problems in aviation in finding a means of drawing down the surplus in the Airport and Airway Trust Fund, which is approximately $6 billion.

Would you support establishing separate and possibly unique funding mechanisms for the FAA in order to ensure continued aviation safety?

Ms. MOORE. Sir, the Secretary has had conversations with Admiral Busey, and I think these are issues that he will really want the Administrator of the FAA to grapple with.

The President has indicated his support for using the aviation trust fund for the purposes for which it was intended.

I think we need to look at a variety of ways to deal with that issue, and I think it is going to be in the context of the reauthorization coming up. We need to be dealing with that in the next several months. So I think we need to look at a variety of ways to address that goal.

Senator FORD. Do you have any feelings about Essential Air Service?

Ms. MOORE. Well, sir, certainly we have been working with the Congress in this fiscal year 1989 to accommodate the shortfall that did occur in fiscal year 1989. And should the Congress deem that a priority for 1990, we would be working with this committee and the Congress to address that priority, sir.

Senator FORD. All right. Let me jump over to Mr. Shane a minute.

I want to reiterate the fact that you have the unusual distinction of being nominated from the ranks of the career civil service for this position, and that you had 11 years at the Department of Transportation and you served as a deputy to the position you are now seeking. I think that is a significant point.

I have several questions that I will not ask you today, but I will submit those to you and ask you to respond in writing. They will be a little longer than I had for Ms. Moore.

Senator FORD. With your extensive experience with policy and regulatory issues, what do you see as the major challenges facing the Department today? And where would you concentrate your attention first?

Mr. SHANE. As I indicated in my opening remarks, Mr. Chairman, the Secretary of Transportation has already established a very important agenda for the Department. He has made the job of his senior staff easier by doing that.

The question of infrastructure and how we maintain our transportation framework for the future is undoubtedly going to be the most important single initiative that we take in the near term.

Airline competition, as I indicated earlier, is a second major concern. In fact, the Secretary has already indicated through letters to the Department of Justice, through letters to some of the airline executives themselves, a proactive stance on issues of this kind. And our job in the Office of Policy and International Affairs will be to provide him objective, quantitative evidence and support for the kinds of initiatives that he wants to take.

Aviation security obviously became a major issue for the Department of Transportation—it became a renewed major issue, I should say—with the downing of Pan Am 103. We have already taken major initiatives in response to that, and that is an effort that simply must go on. There can be no flagging in our effort to try to keep the global aviation system as safe and as secure as possible.

Environmental quality, with the Alaskan oil spill, and the President's initiatives on the Clean Air Act, many of which have a direct relationship to the transportation system, will also be a major concern, and a continuing concern.

And so I see lots of work for the Office of Policy and for other elements of the Department, because we have a secretary that is determined to achieve real things in real time on all of those fronts.

Senator FORD. Let us take an issue that I do not want to become buried in all of the passenger problems. That is air cargo policy. The Department has devoted a lot of its time to the air carrier deregulation issue, but the issues confronting the cargo industry are substantial and often distinct, in my opinion, from the issues facing the passenger industry. How will the Department assure that cargo carriers' concerns are not submerged under the more numerous passenger issues?

Mr. SHANE. In fact, I think it is fair to say that, for a long time, they were submerged. I first became acutely aware of the important distinctions between the way we deal with passenger issues and the way we deal with air cargo issues while I was at the De-

partment of State, acting as the aviation negotiator for the State Department. While there, we linked up with the Department of Transportation in order to produce what I think is a very important piece of work, and that is the national air cargo policy.

It was supported by a lot of quantitative research, a lot of investigation, and it produced a policy statement at the end of the day which finally put air cargo, if you will, on the policy map in a way that it had not been before. The net result is that, if you look at the dynamics of the negotiating process with foreign governments, where many of our air cargo carriers have felt like stepchildren in the process, you will find us taking air cargo now and treating it as a distinct issue.

Senator FORD. Some have felt like a stepchild in recent decisions. For routes negotiations there has been more interest given to the passenger request than there to the cargo request.

Mr. SHANE. Well, the most recent administrative proceeding before the Department of Transportation, and I played no role in it because I am not there yet, is the disposition of a route which Federal Express proposes to divest itself, of to Japan. We have the wherewithal, under the United States-Japan bilateral agreement, to make that a small package route, a small package express cargo route, or a route for combination services, a passenger route, in effect.

Right now, the department is trying to figure out which of those two things it ought to be. All of that takes place in the context of bilateral negotiations going on right now with the Japanese government, in which one of our major objectives is to establish additional, complete all-cargo opportunities. Federal Express had trouble making money with that small package route because it was subjected to restrictions which were simply uneconomic. They would be the first to tell you that.

Senator FORD. Typical. We find ourselves in that position typically, don't we?

Mr. SHANE. I do not think it is typical. I think it was aberrational.

Senator FORD. But if you try to break the barrier for trade to Japan, the barrier does not come down except brick by brick. The wall never falls.

Mr. SHANE. I am proud to say, and I do not pretend to take credit for it because the credit belongs to the U.S. airline industry, that in the airline sector we are winning in trade with Japan. We carry more passengers and cargo than they do and we make more money from aviation services than they do.

If we were doing as well in other sectors as we are doing in aviation, I think we would not have a trade deficit with Japan. That does not mean we can afford to allow that lead to be eroded one whit, and the whole purpose of our negotiations is to see the market expanded while we keep U.S. carriers in the forefront of the market. And I am determined to see that happen. I know the State Department is, and I am sure that we are going to produce more opportunities, particularly in the all-cargo area because we need more opportunities there.

Senator FORD. Well, your pre-hearing responses indicate that you are going to be interested in environmental problems, and noise is

going to be the issue of the 1990s, so we will be getting to that a little later on. And I will turn the questioning over to my colleague, Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman. Congratulations to both nominees. I think you both come eminently qualified for your positions and I congratulate you as we embark on, perhaps, one of the more difficult issues, aviation, as well as many other issues that will fall under your areas of responsibility.

Let me pursue this trust fund issue a little bit further. I am sure you understand the enormous frustration that many of us feel about this issue, as well as a sense of guilt because the American people have contributed their tax dollars earmarked for a certain purpose, and they have obviously not been spent.

It has been used to disguise the degree of irresponsibility of the Congress as far as the deficit is concerned. And there are many of us that think we ought to either stop this unconscionable practice of collecting this tax and keeping it in order to skew the actual size of the deficit, or free it up.

I guess my question to you is, if we cannot get this trust fund freed up, which, from a historical perspective, indicates we are going to have trouble doing, would you support the concept of stopping this tax?

Ms. MOORE. Well, sir, in our 1990 budget proposal, we would try to tap in more aggressively to the trust fund and then there is, of course, the issue of the balance of support that is provided for capital investment versus operations. But if we can deal with that together, with the question of the penalty provision that, perhaps, looking at that, if there is a way to deal with that so that more of that funding is available for the purposes which it is intended. And then we could avoid having to repeal that.

We are concerned about that tax trigger because long-term, those funds are going to be needed, and, once having reduced it, it is going to be difficult down the road to, perhaps, to assure those resources are there for the investment that I do think that we are going to need to make.

Senator MCCAIN. You would agree that the current practice is unacceptable?

Ms. MOORE. I will agree with that, sir, yes. Yes.

Senator MCCAIN. Well, I do not like to shift any blame onto the executive branch because there is plenty to go around, but I hope that the executive branch would be more active, Mr. Chairman, in attempting to help us to free up this fund than, perhaps, they have been in the past.

Very frankly, I cannot go back to the people of my state and ask them to continue paying taxes for a program that simply is not being implemented. So I hope that you will recognize that this is a very important issue. We also recognize that there is a division, a serious division, within the Congress on this issue.

Mr. Shane, I am very pleased to note, amongst your other areas of experience, you have been involved in the past in areas of international aviation. And I think, as the chairman alluded to, this is going to be an increasingly important issue for Americans and, as you also mentioned, it does have impact on the trade deficit and a variety of other issues. I understand, for example, that Europeans

are considering deregulation of their airline industries. What role American airlines play in that situation, I think, is going to be very critical, particularly given the events that will take place in 1992 as far as the European community is concerned.

As you know, Mr. Shane, many cities, around the country, including Phoenix, Arizona, are recognizing the growing importance of international aviation. They would like an international service. They recognize what that can mean to their economy and to their area, and they prefer an American carrier; we all do.

I wonder how you would feel if no American carrier is willing to serve these markets? Would the Department of Transportation attempt to accommodate their concerns if they chose a foreign carrier?

Mr. SHANE. That is getting to be a big question. Increasingly, American cities find that U.S. carriers are not available and foreign carriers are proffering service; and they know that direct connections to important European and Asian capitals mean foreign investment, jobs, foreign company headquarters, tourism, a major boost to the local economy.

The negotiations that we conduct with foreign governments are conducted pursuant to a statutory framework. The statutory framework I am talking about is section 1102(b) of the Federal Aviation Act, which lists a variety of very specific criteria which were thoroughly discussed and debated between the executive and the legislative branches back in 1979 and 1980, and which are our charter, if you will, as negotiators.

One of the elements, while we certainly must expand the number of U.S. gateways and we should not be entirely U.S. flag specific in what we do, one of the criteria is that we do not give away route rights to foreign carriers unless we are getting something of an equivalent magnitude in return. We, in the negotiating process, must take that very seriously. I do not recommend that we scrap that important consideration.

As I said, U.S. carriers are doing well in foreign markets and it is up to us to make sure that they continue to do well. They confront a variety of restrictions everywhere we look. We can use the leverage of our market, which is the candy store in international aviation, to ensure that when our folks are doing business abroad—and I am talking about airlines flying to foreign airports—they do not confront restrictions on the ground, restrictions in ticketing, restrictions in computer reservation services or what have you. But we solve those problems before we let anybody fly from a foreign country to our own. That is the way we keep the playing field level in aviation.

Can we be doing more is your question. It does require, as I said, a fresh look. There is not any doubt that there are circumstances where we are saying no to valuable international air services that would be especially valuable to our own communities because of, perhaps, the bilateral negotiating system itself.

The development you talk about in Europe, the unification of the European aviation market, is a very exciting development because, for the first time, it may give us a market comparable to our own to negotiate with. And it may very well be that in the context of

that development we can begin to open up routes that benefit both sides and our communities in the way we ought to be doing.

Senator MCCAIN. We also have some very lucrative European routes that we could be in danger of being squeezed out of.

Mr. SHANE. We are watching that development like a bunch of hawks, there is no question. I have seen evidence of, if you like, the "fortress Europe" phenomenon creeping into aviation to some extent, and we have had lots of discussions with the European Commission already and with the secretariat there, and with our partners on a bilateral basis, and they are aware of our concern. We will be working with them.

I am reasonably confident that through that process we will not find ourselves jeopardized by what is in effect meant to be a liberalization of air services within Europe. But it is going to take vigilance, there is no question.

Senator MCCAIN. As you know, for years now the aviation subcommittee under Senator Ford's leadership has been addressing this issue of de facto reregulation overtaking the airline industry. Last week, as you also know, we had a very interesting hearing on what has happened in hubs where one airline has dominated.

I think the evidence is clear, although we will be receiving another GAO report in a week or two, which, I think, will indicate even more compellingly that we are facing the prospect of de facto reregulation. This obviously would increase the cost to the consumer, which, to the minds of many of us, is worse than actual reregulation because then you have the worst of all worlds.

It seems to me there are two ways that you address the problem. One is to impose regulations again. The other is to increase competition, thereby bringing rates down.

I continue to note with interest that it costs $28 to fly from Phoenix, Arizona, to L.A. or to San Diego, some 250 miles, because there are two airlines competing on that route; whereas, here on the east coast, there are much shorter routes that cost as much as five or six times more where there is no competition.

I guess my question to you is, how do you think we should go about addressing this creeping de facto reregulation of the industry that we are experiencing?

Mr. SHANE. That is a question that is very much on our minds as well. We would have normally, I suppose, approved a few weeks ago as a relatively routine transaction a proposal by USAir to acquire eight of Eastern's gates at Philadelphia because they were on the block.

And we took a look at that, perhaps, a harder look than we might have otherwise done. It appeared to us that, while there had been two viable competitors, Eastern and USAir, at Philadelphia before, with Eastern not in the greatest shape at the moment and with its selling an important asset that it has there to the other major competitor, we might very well find ourselves moving toward another concentrated hub.

Secretary Skinner was very concerned about it; and because the real antitrust authority for transactions of this kind is now vested in the Department of Justice, as you know, we decided to take the only step we could take. After an analysis which supported this conclusion, we shared with Justice our view that there would be

substantial reduction of competition at Philadelphia were the transaction to take place. Justice just last week, I understand, challenged that transaction.

That is an example of the kind of thing we can do. We can watch additional transactions taking place to make sure that we do not exacerbate the problem, that we do not allow the airline industry itself to exacerbate the problem.

We have, as I said, a major task force effort going on right now, and I appreciate that there is a lot of cynicism about task force efforts. All I can do is beg your indulgence for a few more months. I think that we are going to produce some very interesting information.

I salute the GAO. We have been in touch with GAO, and I think they have been doing a marvelous job. In fact, I have been trying to get my hands on some of the data that they have; they respond to you and not to us and that is fair. I mean, maybe there should be a little competition between our two branches to get the best information because that is obviously essential to the right policy conclusions. I think we can contribute to what GAO has been doing and that will allow us to make informed decisions in the near term about how we address this problem.

I can tell you that the Secretary of Transportation is genuinely concerned about it. It is very much in the center of his thinking, and I am confident that we are going to begin to take some serious measures.

Senator McCAIN. Finally, in retrospect—and hindsight is always 20–20, as we know—do you think we should have approved a couple of the mergers that took place? Do you think that was good for aviation?

Mr. SHANE. With the wisdom of hindsight, I suppose, if your evidence now shows that you have got too much concentration, then the natural conclusion is, "Gee, I wish we had not done it." I did not participate directly in those decisions, but I have seen some of the evidence at the time.

I am personally acquainted with Secretary Burnley; I worked for him in several different capacities and I know that he took the antitrust laws seriously. It was a question of how that analysis played out in those mergers. There was a real effort, I think, to make intelligent decisions based on the facts that we had at the time.

Senator McCAIN. I am not seeking to place responsibility or blame. I just wanted your opinion in retrospect, whether those decisions were good for America and good for the airline passenger.

Mr. SHANE. I really would have to await the outcome of the study before we could really pass judgment, even in retrospect. We just do not know right now how much concentration there is and whether that concentration is going to reach a level that warrants a conclusion of that kind.

Senator McCAIN. Well, the reason why I bring it up is that we are already seeing the dismantlement of an airline, as you know, Eastern Airlines. On every route that Eastern Airline flew, fares have gone up, every single one. Incredible cynicism, in my view, of the actions of the other competing airlines.

And we will face not only that problem, but also takeovers by non-aviation oriented companies and corporations, which, I think, also is something we need to look at very carefully. Are they going to purchase those airlines to break them up and sell them? Are they going to try and make them into viable carriers, which is obviously their only role, in my view.

I look forward to working with you. Thank you and congratulations. Thank you, Mr. Chairman.

Senator FORD. Mr. McCain, one of the things that always was strange that when the Justice Department recommended to the Department of Transportation that the merger not take place, it always seems that the Department of Transportation they went 180 degrees the other way. So I do not know how much of a factor the Justice Department was in the thinking of the former Secretary of Transportation.

Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. Ms. Moore, again, congratulations to you. I do not have any questions for you at this time. I would just like to add my feelings, though, to the issue of the trust fund. They are very similar to those of Senator McCain.

It is just impossible for us to defend to our constituencies the fact that we are not making better use of that trust fund, and, obviously, we were both very close to the previous administration and plan to be close to this one. It would be very helpful if you, in your role, would work toward seeing if we cannot make better use of that fund in the future.

Ms. MOORE. I look forward to working with you, sir.

Senator LOTT. And again, Mr. Shane, congratulations to you. We are looking forward to working with you. You certainly are well-qualified for this position and you have already exhibited today a lot of knowledge in this area. I know you are going to do an excellent job.

You are familiar with a wide variety of trade barriers and discriminatory practices from foreign countries and foreign airlines devised strictly to keep American airlines out of their countries.

You are also familiar with the process that has been provided by Congress to deal with some of these unfair practices, specifically the Transportation Fair Competition Practices Act. A key provision of that act requires DOT to take action on a complaint within a specified period of time. Congress knew exactly what it was doing by putting in the time limit.

If there was a very specific time limit that required action by a time certain, then those countries would not be able to just keep shoving it off, and neither would the department or the bureaucracy. Something would have to be decided.

And yet, there has been a specific case that has been pending now before DOT for approximately 17 months. That case involves a complaint against British Airways and the British government for effectively barring the computer reservations system of the United States airlines from being marketed in Britain. And so, my question to you, without going into greater specificity, is, how would you deal with this? I mean, you have a specific deadline in which action should be taken to remove that unfair barrier or the United States will take some actions to impose sanctions.

What are your comments on that act and how are you going to deal with the fact that there is a deadline pending and the fact that the DOT has not done anything about it during the first six months of this new administration?

Mr. SHANE. First of all, I just got there, Senator, and so I do not take responsibility for the first six months of the administration. I have negotiated, as the chairman of the U.S. delegation, with the U.K. on this very subject. There was no question that the U.K., and British Airways in particular, were simply not dealing with U.S. vendors of computer reservations systems, such that it was impossible to market our systems in the U.K.

As a result of those negotiations and as a result of subsequent private negotiations, we have our biggest system in the U.K. right now, that is, the SABRE system run by American Airlines. There were commercial negotiations after the government negotiations and I like to think—in fact, the chairman of American Airlines has told to me personally—that it was the pressure of the U.S. government in those government-to-government negotiations that made it possible to finally achieve the result they were looking for.

We have not reached the point where we have 100 percent success. The issue for us right now is whether or not the discrimination, if you will, against those systems which are not in the U.K. but want to be, the U.S. systems—and I think of PARS, the Northwest/TWA system, as perhaps the prime example—is based upon what might be considered a legitimate difference of view between our two governments or not.

If it is an arbitrary discrimination, and this is a question we are going to be looking at, then you are absolutely right. I do not think we have any choice but to take action in response to that discrimination. That is precisely what the act provides.

I will have to look and provide for the record, Senator, a more precise answer as to whether, in fact, we have a deadline right now. My impression is that there is an investigation pending but I am not entirely sure.

[The following information was subsequently received for the record:]

The only proceeding currently pending before DOT on the subject of CRS competition in the U.K. market is an investigation. It is not subject to any statutory deadline.

An earlier proceeding had been instituted in response to a complaint by American Airlines against British Airways in Docket 45389. The complaint was resovled successfully, with U.S. government assistance, well before the statutory deadline applicable to that case.

American had alleged in the complaint that British Airways' conduct in preventing its tickets from being issued through Sabre, American's computer reservation systems and the largest U.S. CRS, violated the "fair and equal opportunity to compete" provision of the U.S.-U.K. Air Services Agreement.

American had filed that complaint pursuant to the International Air Transportation Fair Competitive Practices Act on January 11, 1988. The U.S. Government held consultations with the United Kingdom on April, 26-28 and June 15-17 during which we insisted that the ability of an airline to market its services through its own CRS is an essential part of its guarantee of a fair and equal opportunity to compete under the bilateral agreement. American and British Airways subsequently conducted commercial negotiations that let to a settlement of their dispute. On June 26, American filed a motion to withdraw its complaint.

By Order 88-7-11, the Department allowed American to withdraw as the complainant in the case. No other U.S. airline had filed as co-complainant with American or has initiated an independent formal complaint. Because the Department was

concerned about the difficulties experienced by other U.S. CRS vendors in gaining access to the U.K. CRS market, however, it instituted an investigation into the requirements for a more complete resolution.

Since that time, Apollo, the second largest U.S. CRS, has also achieved a ticketing agreement with British Airways. Thus, the two largest U.S. computer reservations systems now enjoy full access to the U.K. market. A third system, PARS, owned jointly by TWA and Northwest, is still in negotiations with British Airways, but the two sides are still some distance from achieving an agreement. DOT will be monitoring these talks closely.

Senator LOTT. That is my whole point. The law has a specific deadline. And if an action is taken to investigate it, in my opinion, that would not meet the deadline. And if an investigation is undertaken to get around this deadline and then no action is taken, when does this end? And remember this: you are with the United States government and you represent the United States government and American industry and so the bias needs to be on our side.

But I understand you are just getting started and you have not been there for the past six months. I would like to ask you within the next 30 days to give us, the committee and me, particularly, your response to what your investigation has found, because the matter has not been resolved. It has been pending for 17 months. So would you do that within the next month?

Mr. SHANE. Fair enough, Senator.

Senator LOTT. Let me ask you again. What about these deadlines? When Congress specifies a deadline, is it your intent to comply with that?

Mr. SHANE. Absolutely. And I honestly do not believe we are in violation of any deadline. The International Air Transportation Competition Act, which is the provision that you are talking about, has been one of the most effective provisions we have in our law.

I have conducted negotiations under the gun, if you like, of that legislation and I can tell you that it works. Foreign governments see it coming like a train. If we do not get things solved, they know that the Department of Transportation has no alternative but to take action. I support that legislation; I think it has been used effectively. I think it has helped us in our negotiations.

It does call for negotiations first, as it should. After all, if we can solve a problem across a table, it's better than solving it by shooting at each other. But at the end of the day, if we have not solved it, there will not be any reluctance or hesitancy to use the statutory tools available. And even if there were reluctance, we would not have any choice about it because the law is the law.

Senator LOTT. Thank you very much. I would appreciate hearing from you further on this.

And I would like to say in conclusion today that I have been very impressed with our new Secretary of Transportation, Sam Skinner. I think he is getting a great team on board and I think you all are going to do a great job. Thank you.

Mr. SHANE. Thank you, sir.

[The following information was subsequently received for the record:]

U.S. Department of Transportation
Office of the Secretary of Transportation

Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

July 20, 1989

The Honorable Trent Lott
United States Senate
Washington, DC 20510

Dear Senator Lott:

As promised during my June 15 confirmation hearing, I am reporting on our outstanding computer reservation system (CRS) issue concerning the entry of PARS, the CRS jointly owned by Trans World Airlines and Northwest Airlines, into the U.K. market.

Since the hearing, I have met with representatives of the British Embassy to emphasize the importance that the U.S. Government attaches to the satisfactory resolution of the ticketing issue between British Airways and PARS so that PARS will have a fair opportunity to compete in the United Kingdom. My staff and I have also discussed with TWA, Northwest and PARS the possibility for further commercial negotiations with British Airways, which I continue to believe will be the most effective way to resolve this problem. I understand that both the U.S. parties and British Airways are willing to make another attempt to resolve the outstanding issues on a commercial basis, and a meeting may be held soon.

TWA, Northwest, and PARS have also been in touch with the Office of the U.S. Trade Representative. While I can certainly understand their desire to pursue this issue through every available avenue, I am concerned that duplicative approaches under different investigatory standards may serve to complicate, rather than facilitate, the resolution of this matter.

I will continue to press this issue until a satisfactory resolution is achieved and will keep you posted on our progress. As you requested during the hearing, I have also provided this information to Senator Wendell Ford, Chairman of the Committee on Commerce, Science, and Transportation, to share with the other Committee members.

Sincerely,

Jeffrey N. Shane
Assistant Secretary for Policy and International Affairs

Senator FORD. Thank you, Senator Lott. We have for you, Mr. Shane, some questions from Senator Inouye. We get into a little regional interest here once in a while, and these questions reflect the Pacific area problems out there. Since your confirmation hearing in the committee will be, I believe, the 20th could you get the answers back to Senator Inouye by the 19th. That is short notice, but if you could do that, he would appreciate it and so would the committee.

Mr. SHANE. With pleasure, sir.

Senator FORD. I was about to say to my good friend from Mississippi that my staff put together a little list the other day about trust funds.

It seems that the U.S. government has about 167 trust funds of some sort, and all those little things are building up with billions and billions of dollars. And we are taxing our constituents; they are paying into the trust funds and they are not getting the benefit of the tax. And so there was a mood here not too long ago, and I think the new administration, with them getting on board—if you are not going to use it, we are not going to tax them.

And so the use of that money for various and sundry things, not just in this particular arena but in a lot of others, is beginning to spill over and the anticipation of Congress doing something about that, I think, is very real. And I appreciate your position on trust funds and would hope the two witnesses will understand mine. We look forward to working with you.

And one final question. When this committee would like to visit with you, collectively or individually, do you have any reluctance to answering the call to be a witness?

Ms. MOORE. No reluctance, sir; it would be a pleasure.

Mr. SHANE. Ditto, sir.

Senator FORD. Well, I suspect that Secretary Skinner would like to know that when you are invited, and we will go through appropriate channels and we look forward to visiting with you and getting your nominations out on the 20th, provided we get the questions back, and I am sure you will.

This hearing is adjourned.

[Whereupon at 2:55 p.m., the committee was adjourned.]

[The following information was subsequently received for the record:]

POSTHEARING QUESTIONS FOR MR. SHANE

SENATOR HOLLINGS

QUESTION 1: During the May, 1989, round of U.S.-Japan aviation bilateral negotiations, the Japanese Government proposed the exchange of seven new Japanese air carrier services for five new U.S. air carrier services. The Japanese proposal also would provide significant all-cargo rights for JAL and NCA without providing any new enhancements of U.S. all-cargo opportunities. Have U.S. negotiators attempted to make a rough assessment of what the Japanese package would cost in lost revenues for the U.S. air cargo industry? If so, what is that assessment?

ANSWER:

The May proposal presented by the Japanese permits the United States to introduce three new U.S.-Japan services, any of which may be an all-cargo or combination service. These services may operate between any city in the U.S. and any city in Japan. Each service is limited to seven roundtrip flights per week. Thus, the U.S. could operate a total of twenty-one weekly roundtrips under this provision of Japan's proposal if all three services were operated at the allowed level of seven weekly roundtrips.

Japan's proposal would permit a Japanese carrier or carriers to introduce two new U.S.-Japan services without restriction as to the cities served in the U.S. or Japan. Each service would be limited to seven weekly roundtrips. In addition, Japan's proposal would permit Japan Air Lines (JAL) to serve Chicago and Nippon Cargo Airlines (NCA) to serve Chicago and Los Angeles with all-cargo service. The total number of weekly flights at Chicago by both JAL and NCA could not exceed ten. In addition, Japan's proposal imposes a frequency cap on all of these services combined of eighteen weekly flights. Thus, if the Japanese introduced two new U.S.-Japan services at a frequency level of seven weekly flights, they could only operate four weekly all-cargo flights at Chicago. Japan's proposal also provides for an increase of two weekly flights on JAL's Tokyo-Seattle/Chicago route. The total number of weekly flights permitted by Japanese carriers is therefore twenty versus twenty one for the U.S. carriers. The remainder of Japan's proposal is balanced in term of available frequencies.

We believe that an assessment of the Japanese proposal is unnecessary at this time. Its principal shortcoming is that it fails to respond to a number of basic U.S. requirements. Because it is so obviously inadequate, we simply have no intention of taking that proposal as a useful starting point.

Rather, we intend to prepare a counterproposal which will provide, among other things, balanced opportunities for U.S. cargo interests. Before we submit such a proposal to Japan, it will be circulated to the U.S. air cargo industry for review and comment.

SENATOR HOLLINGS

QUESTION 2: Do you believe the U.S. should adhere to a negotiation policy designed to strengthen the competitive position of U.S. air carriers? How would the May Japanese proposal increase or protect the competitive position of U.S. cargo carriers?

ANSWER:

Not only do I believe that the U.S. should adhere to such a policy, the Federal Aviation Act mandates such a policy as one of the goals for international aviation policy.

Japan's May proposal would not increase or protect the competitive position of U.S. air cargo operators. Although the U.S. could operate some additional air cargo services under Japan's proposal, this would significantly narrow the service opportunities available for additional needed passenger services. The U.S. has indicated to Japan that additional opportunities for U.S. carriers in the all-cargo area, as well as other improvements, will have to be added to Japan's proposal before the U.S. side could seriously consider Japan's offer. The U.S. side is preparing a counter proposal that will contain such improvements.

SENATOR HOLLINGS

QUESTION 3: If confirmed, will you undertake a detailed economic analysis of the effect of the latest Japanese initiative on U.S. air cargo interests before continuing aviation discussions with the Japanese? Will you agree to report the findings of such a study to this Committee?

ANSWER:

The latest Japanese proposal was so obviously deficient that no detailed economic analysis is necessary. Its principal shortcoming is that it fails to respond to a number of basic U.S. requirements. Under such circumstances, we have no intention of treating that proposal as a useful starting point.

Rather, we intend to prepare a counterproposal which will provide, among other things, balanced opportunities for U.S. cargo interests. Before we submit such a proposal to Japan, it will be circulated to the U.S. air cargo industry for review and comment.

I will ask our airlines to examine that proposal seriously, and to share with the negotiators as detailed an analysis as possible prior to the next round. We will go forward only if we are pursuaded that our proposal is in the best interests of the United States.

Our negotiations with Japan are conducted with full industry participation. If the talks succeed in producing a proposed agreement, it will be carefully evaluated and analyzed before a decision is made as to whether the agreement would be acceptable. I would, of course, be pleased to share our evaluation of any such proposed exchange with the Committee.

SENATOR INOUYE

International Aviation

QUESTION 1: As you know, Hawaii is one of the most lucrative and sought after Japanese markets. Hawaii and the Pacific Islands have often been "held hostage" in the bilateral negotiations in exchange for concession on other continental U.S. city gateways. What are your views on separating the Pacific, including Hawaii, from the rest of the U.S. negotiating package?

ANSWER:

I disagree with the suggestion that Hawaii and the Pacific Islands have been "held hostage" in the negotiations with Japan. A variety of "quick fixes" have been urged on U.S. negotiators from time to time, some of which have appealed to interests in the Pacific, with others relating to other U.S. geographic areas. These assorted mini-deals, however, would actually compromise our ability to achieve our broader objectives in the talks, and thus have not been thought to be in the public interest.

It is certainly true, of course, that many carriers, including Japanese carriers, have expressed an interest in operating between Hawaii and Japan. For that reason, we have consistently included in our proposals opportunities for new services between Hawaii and Japan for the carriers of both sides. Although Japan thus far has viewed our proposals for new services as too expansive, we will persist in seeking an agreement that will allow additional Hawaii-Japan air services. It is my hope that we will achieve an agreement in the next few months.

In addition, it is worth noting that as a result of Federal Express' acquisition of Flying Tiger, Federal Express will be relinquishing the small package route provided for in a 1985 Memorandum of Understanding with Japan. Under the MOU, the U.S. may operate the route as a small package route or as a combination service. Although a decision has not been made yet on that question, you should be aware that one of the options under consideration is to convert the small package route into a combination service. If that were done, the possibility exists under the MOU of naming an additional carrier for the Honolulu-Tokyo or Honolulu-Nagoya market. Several carriers have filed applications expressing an interest in operating such services.

SENATOR INOUYE

INTERNATIONAL AVIATION

QUESTION 2: **What are your views on cooperative inspection arrangements by federal agencies to expedite the handling of international arrivals?**

ANSWER:

I am committed to facilitating the movement of international passengers and cargo, consistent with the need to enforce the many customs, immigration and related laws of the United States. The use of a single inspector to perform customs, immigration and agriculture inspections has been tried at a number of airports and is used at many of the land border crossing points. This approach has pluses and minuses. Experience has shown that the single inspector, usually either a Customs or INS official, acts as a first level screen checking primarily for compliance with the laws of their agency. Because of the complexity of the laws and regulations of the other agencies, the primary inspector rather liberally refers many passengers to a more detailed secondary inspection by an inspector of the appropriate agency. While the use of a single primary inspector may facilitate the processing of many passengers, it has the disadvantage of delaying more passengers than might otherwise be necessary in the secondary inspection process, thereby shifting some congestion and accompanying facility space requirements to that area of terminal. The single inspector concept has merit, however, and we will continue to explore it.

I also strongly support the development of new inspection procedures and techniques that can facilitate the processing of passengers and cargo and provide for more efficient space utilization, while maintaining the measure of enforcement required in an environment of heightened concern about illegal immigration, terrorism, drug trafficking, and the introduction of agricultural pests and diseases. The Department is actively supporting the expansion of such programs as INS preinspection (inspections performed at foreign departure airports), Customs high risk/low risk evaluations, increased use of roving inspectors, and provision of advance passenger information. New technologies such as increased use of automated consolidated lookout data bases, automated document readers, and high speed x-ray machines should also help speed passenger processing.

SENATOR INOUYE

Cabotage

QUESTION 1: What are your views on a possible proposal to establish interim emergency air service by temporarily waiving the cabotage requirements for Hawaii whose geographical location prohibits the use of alternate modes of transportation in the event of substantial economic hardship?

ANSWER:

I am aware of the special dependency of Hawaii on tourism and, as a consequence, on air transportation services, for its economic well-being. I am sympathetic to the serious consequences Hawaii would face if adequate air transportation services could not be provided during an airline work stoppage.

As you note, the current emergency cabotage legislation, contained in section 416(b)(7) of the Federal Aviation Act, empowers the Department to grant cabotage exemptions only in limited instances; specifically, if we find that (1) because of an emergency created by unusual circumstances not arising in the normal course of business, the traffic cannot be accommodated by U.S. airlines; (2) all possible efforts have been made to put the traffic on U.S. airline flights; and (3) carriage by a foreign airline is necessary to avoid undue hardship to the traffic. Further, during a labor dispute, we must also find that granting the exemption will not result in any undue advantage to either side.

The criteria are quite narrowly drawn, and do not guarantee cabotage relief, even where economic harm to an area or an industry (such as to Hawaii's tourism industry) might result.

An amendment to the Act would be necessary to allow the Department to grant emergency cabotage authority to foreign airlines under the types of situation to which you refer.

I believe that, in principle, it would be desirable for the Department to have the flexibility to confer such authority in cases where the economic well-being of Hawaii (or Alaska, which is similarly isolated and dependent on air transportation services) was threatened. I would urge, however, that any proposal be carefully drawn to assure its use only under specialized, well-defined circumstances. The U.S. has been actively negotiating additional rights with several Pacific countries in order that U.S. airlines may better serve the traveling public. It is important that any exemption to the existing cabotage restrictions not diminish our negotiating ability to achieve these goals for the United States.

SENATOR INOUYE

STATE OF HAWAII SPECIAL TRANSPORTATION FUND

QUESTION 1: Aside from the statutory constraint you believe exists, do you have any philosophical objections to the State's use of funds for highway and other transportation improvements, where such funds are generated in a duty-free shop in Waikiki and are above and beyond what the State needs for its airport operations?

ANSWER:

I believe that the statutory provisions of the Airport and Airway Improvement Act are intended to ensure that revenues "generated by the airport" are used for air transportation related purposes. In view of the significant aviation infrastructure needs, this is sound policy. Nevertheless, we need to find other ways to address Hawaii's transportation infrastructure needs.

SENATOR INOUYE

STATE OF HAWAII SPECIAL TRANSPORTATION FUND

QUESTION 2: May I count on you to work with me and the State of Hawaii in good faith to protect the airports' needs while simultaneously allowing the State, in furtherance of Secretary Skinner's policy, to satisfy its other transportation needs?

ANSWER:

I will be pleased to work with you and the State of Hawaii to address Hawaii's transportation needs.

SENATOR INOUYE

HAWAII/PACIFIC BASIN ESSENTIAL AIR SERVICE

QUESTION 1: Is this in line with your views on the role and value of the EAS service in the Hawaiian and Pacific Islands?

ANSWER:

Yes. The Essential Air Service (EAS) Program was created to maintain a direct connection to the national air transportation network for all eligible communities. For many communities in Alaska, Hawaii and the Pacific, air service is the only practical transportation for food and medical supplies, as well as passengers. The thrust of the Essential Air Service Program is to maintain a lifeline between isolated areas and the national air transportation network.

SENATOR INOUYE

HAWAII/PACIFIC BASIN ESSENTIAL AIR SERVICE

QUESTION 2: Accordingly, what factors in your opinion would warrant the granting of determinations for new EAS points? Are there any unique circumstances in the Pacific that merit special consideration?

ANSWER:

We have not yet adopted formal guidelines for inclusion in the EAS program of new points for either the Pacific or the lower 48 states. However, DOT is particularly sensitive to the needs of island communities, as demonstrated in the past by the introduction of Continental's service at Rota, at a high subsidy cost, when the only carrier serving Rota (Maui Airlines) ceased service on May 1, 1988. Any new point in the Pacific would have to apply to the Department to be designated an eligible point. For points that already have service, such as Kalaupapa, no subsidy should be required by either the community or the Federal government. For points without air service and wishing to receive air service, the community or state would be required to provide 50 percent of the total subsidy required to attract an air carrier while the Federal government would provide the other 50 percent. Because of island communities' obvious isolation and the lack of alternative service, the Department would be very cognizant of the fact that few transportation alternatives exist.

SENATOR FORD

QUESTION #1: Since you will be the Assistant Secretary for Policy, will you be responsible for the various task forces Secretary Skinner has created to study different aspects of transportation policy?

ANSWER:

Secretary Skinner has set up several different working groups, or task forces, to study certain transportation areas and report back to him with recommendations, if appropriate. These groups are focused on airline competition, the national transportation policy, the National Air Space Plan, international aviation security, and Federal Aviation Administration reform. The Office of the Assistant Secretary for Policy and International Affairs has the lead on the airline competition effort, and participates in the work of the other groups. For example, the Policy Office is responsible for the outreach efforts associated with developing the National Transportation Policy and for working with the FAA on developing options for FAA reform or long-range international aviation security strategies. Leadership responsibility aside, Policy Office staff are providing critical support to each of these efforts.

SENATOR FORD

QUESTION #2: What is your role in the regulatory rulemaking process? Will you review the rules proposed by technical agencies such as the FAA?

ANSWER:

As part of the Secretary's clearance process, coordinated by the Department's General Counsel, the Office of Policy and International Affairs reviews all significant rules proposed by the operating administrations, including those of the FAA. Our review checks for consistency with the Secretary's policies, cost-benefit viability and overall soundness. Policy comments are combined with comments of other reviewing offices.

In some cases, the Policy office works with the operating administrations to jointly develop rules implementing a new initiative. In areas where the Office of the Secretary has the lead, the Policy office will usually work with General Counsel in developing the rule.

SENATOR FORD

QUESTION #3: The FAA has a rulemaking underway concerning exit row seating in commercial aircraft. This proposal has raised questions about discrimination against the blind which would be a violation of the Air Carrier Access Act of 1986. Do you believe that the FAA may be applying a discriminatory standard in proposing to exclude all blind passengers from aircraft exit rows?

ANSWER:

The proposed rule limits seating in exit rows to persons who are able to perform the functions required of those sitting in emergency exits during the emergency evacuation of an aircraft. The limitation on exit row seating does not apply only to visually impaired persons or those with any other disability, but to all persons who either cannot perform or would have difficulty performing emergency evacuation-related functions.

The functions include locating the exit, recognizing the exit opening mechanism, comprehending the instructions for opening the exit, operating the exit, assessing whether opening the exit will endanger passengers, following oral and manual instructions from crew members, stowing or securing the exit door properly, assessing the condition of an escape slide and activating and stabilizing it, passing expeditiously through the exit, and selecting and following a safe path away from the aircraft.

The proposed rule would permit air carrier personnel to deny exit row seating to any person who cannot perform one or more of these functions, because of a lack of sufficient mobility or strength, cognitive ability to read and understand instructions, or vision or hearing ability. Additionally, if a person has a condition (e.g., obesity, intoxication) or responsibilities (e.g., caring for small children) that could impair the performance of one or more of the functions, the person could not sit in an exit row.

The NPRM emphasizes that it is the ability of an individual to perform safety related functions, and not the presence or absence of a disability, that is the key for determining whether the individual may sit in an exit row. This being the case, I do not believe that the FAA is applying a discriminatory standard.

SENATOR FORD

QUESTION 4: We had a hearing last week where the GAO said fares in concentrated hubs had risen over the past eight years, but the airlines' representatives could not seem to make a connection between concentration and higher fares. How do you view the subject? Do you see any connection between higher fares and lack of competition?

ANSWER:

The connection between higher air fares and concentration is one of the major issues we are addressing in the Department's review of the state of competition in the airline industry. This is a very important issue, and one that we are devoting considerable resources to studying.

It is important to recognize that while air fares have increased in recent months, the average fare adjusted for inflation has declined approximately 18 percent since 1978. Moreover, while average fares have increased, fare discounts still exist for those passengers who are willing to book in advance or to take advantage of the intense price competition that exists among air carriers to induce passengers to fly through their hubs.

It is also important to recognize that factors other than hub concentration can influence average fares. For example, strong traffic growth, higher fuel costs, better service, and the acquisition of new aircraft can lead to higher fares. It is also possible that hub concentration is the natural consequence of the cost economies and service benefits that result from hub-and-spoke route networks.

If higher fares are indeed a consequence of hub concentration, we must focus on ways to make these markets more competitive, including actions to reduce entry barriers and to expand airport and air traffic capacity.

SENATOR FORD

QUESTION 5: I have received a letter from eight large airports regarding our U.S. international aviation negotiating policy. The airports complain that current policy favors airline interests and fails to give weight to the broader regional and economic interests. Will you work to achieve a more balanced negotiating policy?

ANSWER:

I am in full agreement with the position stated by Secretary Skinner in his meeting on May 5 with representatives from the eight large airports who had sent him a letter expressing the same concern. At that meeting, the Secretary assured them that our policy is to consider the interests of the cities and airports along with those of U.S. airlines and other interested parties when crafting a balanced exchange of benefits with a foreign trading partner. The Secretary let them know that we fully recognize the economic and social importance to communities of improved international air service, and that we will strive to increase international air service to U.S. communities consistent with our statutory obligations. He made it clear that we intend to continue our policy of soliciting community views and working closely with communities in developing the U.S. position for international aviation negotiations. The Secretary invited their suggestions for improving the implementation of U.S. international aviation policy. Finally, he informed them that the Department's staff is in the process of preparing an international aviation competition study and that it is his intention to use that study as a basis for reviewing our international aviation policy. The Secretary stressed that he will not hesitate to make changes to our policy if they are indicated by our review. As Assistant Secretary for Policy and International Affairs I will ensure that our international aviation policy is implemented in a way that assures that the interests of cities are given the same consideration as the interests of airlines and other interested parties. My personal view is that, to the extent possible, and consistent with the need for a strong U.S. flag airline industry, we should expand international air services to more U.S. communities. I am sure that the Secretary shares that view.

SENATOR FORD

QUESTION 6: One of your pre-hearing responses indicates that you wish to concentrate on environmental management. Does this include noise? Do you believe there is a need for a national aviation noise policy?

ANSWER:

Because the impact of noise has an appreciable effect on the cost of operating our nation's transportation systems, noise will certainly be included in our environmental management program. In the case of aviation, noise is becoming a significant constraint on the ability of the nation's air transportation system to function efficiently. In order to ensure that the aviation system will have sufficient capacity in the future, we must reexamine, and if necessary, revise our national aviation noise policy. To be acceptable, of course, any noise policy will have to reflect a careful balancing of local rights and national interests.

SENATOR KERRY

QUESTION A: During the May, 1989 round of U.S.-Japan aviation bilateral negotiations, the Japanese Government proposed the exchange of seven new Japanese air carrier services for five new U.S. air carrier services. Further, the Japanese proposal would provide significant all-cargo rights for JAL and NCA without providing for any enhancement of U.S. all-cargo opportunities.

According to a joint Analysis of the U.S. International Air Cargo Market released in April, 1988 by State and the DOT, Japanese and third-country operators carry 56.5% of all U.S.-Japan/Far East air cargo, compared with a declining market share of 43.5% for U.S. carriers. Last month State and the DOT issued a Statement of U.S. International Air Cargo Policy calling for the "expansion of opportunities for the U.S. international air cargo industry", and recommending that U.S. negotiators subject proposed bilateral exchanges to careful economic analyses before any agreement is reached.

Given the importance of the U.S.-Japan trade relations and the historical imbalance of opportunities favoring Japanese air carriers, do you agree that before the U.S. responds to the latest Japanese aviation initiative, State and the DOT should thoroughly study and quantify its potential economic impact on the U.S. community of air cargo interests? As the DOT's Assistant Secretary of Policy and International Affairs, will you insist that this detailed economic analysis be undertaken prior to the U.S. entering into further aviation discussions with the Japanese, and will you agree to report the findings of such a study back to this Subcommittee?

ANSWER:

According to U.S. Government data, in 1988 U.S. carriers had a 46.2% market share of the U.S.-Japan air cargo market. Japanese carriers had a 39.1% market share and third country carriers had a 14.7% share. U.S. carriers increased their market share in 1988 over 1987 from 42.7%. The uptrend in U.S. carrier market share was also attained for passenger services. In 1988, U.S. carriers achieved a 52.5% market share, up from 47.9% in 1987.

Regarding the latest Japanese proposal, I agree that it is seriously deficient. Its principal shortcoming is that it fails to respond to a number of basic U.S. requirements. Under such circumstances, a detailed economic analysis is unnecessary. Because it is so obviously inadequate, we simply have no intention of taking that proposal as a useful starting point.

Rather, we intend to prepare a counterproposal which will provide, among other things, balanced opportunities for U.S. cargo interests. Before we submit such a proposal to Japan, it will be circulated to the U.S. air cargo industry for review and comment.

I will ask our airlines to examine that proposal seriously, and to share with the negotiators as detailed an analysis as possible prior to the next round. We will go forward only if we are pursuaded that our proposal is in the best interests of the United States.

Our negotiations with Japan are conducted with full industry participation. If the talks succeed in producing a proposed agreement, it will be carefully evaluated and analyzed before a decision is made as to whether the agreement would be acceptable. I would, of course, be pleased to share our evaluation of any such proposed exchange with the Subcommittee.

SENATOR KERRY

QUESTION B: A Press Statement issued by the U.S. delegation at the conclusion of the May bilateral talks observes that "for passenger services alone, the scaled down [Japanese] package would cost the U.S. travel industry as much as $1 billion a year in earnings..." Have U.S. negotiators attempted even to make a rough assessment of the potential cost in lost revenue for the U.S. air cargo industry? If so, what has that preliminary assessment revealed?

ANSWER:

There was no reason for U.S. negotiators to attempt to compare the previously submitted Japanese proposal of December and the May proposal for cost of lost revenue to the U.S. air cargo industry because Japan's earlier proposal offered very little in the way of new all-cargo opportunities for the United States. It provided that the "small package" route, being operated by Federal Express, could operate beyond Japan to one point, Hong Kong. Although the Japanese May proposal would permit the selection of a cargo service and therefore actually provided greater U.S. cargo opportunitites than the December proposal, these were not evaluated because their selection would unacceptably narrow service opportunities for remaining U.S. interests.

SENATOR KERRY

QUESTION C: That same Press Statement indicates that the Japanese withdrew a much broader proposal offered during the December, 1988 round of aviation bilateral negotiations in Washington, D.C., and substituted the less ambitious May proposal because Japanese airports cannot accommodate extensive growth, Japanese airlines are not interested in significantly expanding service to the U.S., and the Japanese Government desires to insulate JAL and NCA all-cargo services from heightened U.S. carrier competition.

However, the May proposal allows for a total of more than 70 new frequencies to be operated by carriers of both sides at Japanese airports. How does the Japanese Government reconcile the apparent conflict between its May proposal and its traditional contention that the further expansion of Japanese airport capacity is highly impractical? What are your thoughts on the actual ability of Japan to accommodate greater growth in international air services, particularly for cargo operators?

ANSWER:

Although Japan's May proposal provides for some expansion in services at Tokyo's Narita Airport, it provides for much less expansion at Narita than did their previous proposal presented in December. The Japanese claim that the increasing congestion at Narita poses a constraint on the amount of new service that can be accommodated but at the May talks they provided assurances as to the capability of Narita to handle the services that would be provided under the May proposal. To ensure that this congestion problem does not prevent U.S. carriers from implementing services that they are entitled to operate, we have included a provision in our proposal that obligates each side to provide all necessary facilities to enable the opportunities exchanged to be implemented and fully enjoyed in a timely fashion.

It is extremely difficult to judge the ability of Narita to accommodate higher levels of traffic. The information we have indicates that slots are becoming scarce at Narita, especially during peak hours. A second runway is planned for construction at Narita which should help alleviate the situation. Although there are those who estimate that the runway will be operational in 1993, construction of the runway appears clearly dependent upon the resolution of internal Japanese political issues. The opening of the new Kansai airport now being constructed in Osaka Bay should also improve the situation. Kansai is also scheduled for opening in 1993. Other airports at other major Japanese cities, such as Sapporo, appear capable of accommodating greater growth in international air services, including cargo operations.

SENATOR KERRY

QUESTION D: Both the December and May proposals advanced by the Japanese Government provide greater passenger and cargo air service opportunities for Japanese carriers than for U.S. carriers. This does not seem to signal a genuine lack of expansion interest on the part of the Japanese airlines. Do you agree that the Japanese Government is perfectly willing to accommodate growth in air services, but only at the expense of U.S. carriers? How should U.S. negotiators respond to this kind of approach in light of the new International Air Cargo Policy Statement?

ANSWER:

The May proposal presented by the Japanese permits the United States to introduce three new U.S.-Japan services, any of which may be an all-cargo or combination service. These services may operate between any city in the U.S. and any city in Japan. Each service is limited to seven roundtrip flights per week. Thus, the U.S. could operate a total of twenty-one weekly roundtrips under this provision of Japan's proposal if all three services were operated at the allowed level of seven weekly roundtrips.

Japan's proposal would permit a Japanese carrier or carriers to introduce two new U.S.-Japan services without restriction as to the cities served in the U.S. or Japan. Each service would be limited to seven weekly roundtrips. In addition, Japan's proposal would permit Japan Air Lines (JAL) to serve Chicago and Nippon Cargo Airlines (NCA) to serve Chicago and Los Angeles with all-cargo service. The total number of weekly flights at Chicago by both JAL and NCA could not exceed ten. In addition, Japan's proposal imposes a frequency cap on all of these services combined of eighteen weekly flights. Thus, if the Japanese introduced two new U.S.-Japan services at a frequency level of seven weekly flights, they could only operate four weekly all-cargo flights at Chicago. Japan's proposal also provides for an increase of two weekly flights on JAL's Tokyo-Seattle/Chicago route. The total number of weekly flights permitted by Japanese carriers is therefore twenty versus twenty one for the U.S. carriers. The remainder of Japan's proposal is balanced in term of available frequencies.

Although Japan's May proposal appears nearly balanced in terms of the number of weekly flights for each side, it does not meet our requirements in certain other respects. It does not, for example, include a specific all-cargo element for the U.S., nor does it provide for any improvement in the charter regime that currently limits the number of charters that each side may operate per year

SENATOR KERRY

QUESTION E: In view of the Japanese Government's desire to protect its all-cargo carriers from U.S. competition, do you believe that the U.S. should adhere to a firm negotiation policy designed primarily to strengthen the competitive position of U.S. air carriers, assure equality with foreign air carriers, and attain opportunities for U.S. carriers to maintain and increase profitability? How would the May Japanese proposal increase or even protect the competitive position of U.S. air cargo operators?

ANSWER:

Not only do I believe that the U.S. should adhere to such a firm policy with Japan, the Federal Aviation Act specifically enumerates the above listed objectives as goals for international aviation policy.

Japan's May proposal would not increase or protect the competitive position of U.S. air cargo operators. Although the U.S. could operate some additional air cargo services under Japan's proposal, this would significantly narrow the service opportunities available for additional needed passenger services. The U.S. has indicated to Japan that additional opportunities for U.S. carriers in the all-cargo area, as well as other improvements, will have to be added to Japan's proposal before the U.S. side could seriously consider Japan's offer. The U.S. side is preparing a counter proposal that will contain such improvements.

SENATOR KERRY

QUESTION F: The Japanese Government has suggested that aviation bilateral negotiations be resumed promptly, perhaps as early as July or August. Should the U.S. agree to accelerate the schedule for continued discussions without having an ample opportunity to study the economic impact of the most recent Japanese proposal, and without consulting with U.S. air carriers on the results of State's and the DOT's economic analysis?

ANSWER:

Given the economic importance of the U.S.-Japan aviation market, we believe the U.S. should continue to seek an agreement that will permit an expansion of opportunities for new service. In making this decision, we have considered the views of many U.S. passenger and all-cargo carriers, as well as several U.S. communities, all of whom seek an expansion of services to meet a rapidly expanding demand for service to Japan and the Pacific. As stated in our answer to question A, no detailed economic analysis was required in order to see that the proposal presented by Japan in May did not contain sufficient opportunities for expansion of U.S. services to be acceptable to the U.S. As the negotiations progress, it is our hope that the gap that now exists between the two sides can be narrowed and that an agreement acceptable to both sides can be reached. If progress is achieved in the talks and the elements of a possible agreement become more clearly defined, we will be able to better assess the potential economic impact of the agreement. In evaluating a proposed exchange we will also consult closely with interested parties including the U.S. air carriers.

SENATOR KERRY

QUESTION G: There are a number of important business issues which U.S. negotiators have unsuccessfully sought to resolve with Japan over the past several years. However, the Japanese government's May proposal does not address any doing-business problems. Should the U.S. insist that any new bilateral arrangements dispose of these lingering difficultities? Should the U.S. call for the formation of a joint industry/government working group or task force to review such issues before additional plenary talks are scheduled?

ANSWER:

During the recent past, three doing-business issues have been discussed by the two sides. One issue involved the lack of sufficient warehouse space at Tokyo's Narita Airport to enable a U.S. all-cargo cargo to handle all of its own cargo and the cargo of other airlines. A second issue involved United Air Lines' ability to effectively market its computer reservations system (CRS) in Japan. The third issue involved a U.S. carrier's request to operate an all-cargo service between Japan and Europe via Anchorage.

Regarding the warehouse space issue and the issue involving United's difficulties in marketing its CRS services in Japan, the affected carriers requested that the Department withdraw its actions against Japan on these issues and the Department has done so.

The third issue, involving cargo services between Japan and Europe via Anchorage, is still very much on our agenda. Although DOT issued an order (Order 88-9-20) concluding that actions of the Japanese to place restrictions on such service violated the U.S.-Japan aviation agreement, further action was postponed pending conclusion of proceedings involving the acquisition of Flying Tiger, the affected airline, by Federal Express. In a counter proposal that we are drafting in response to Japan's May proposal, we are including a provision that would resolve this issue. The likelihood of success on an issue of that kind is far greater in the plenary talks themselves than in a task force or working group.

SENATOR KERRY

QUESTION H: Japanese air carriers enjoy a natural geographic advantage for transporting traffic to and from Asian points behind Japan. In fact, the 1988 joint DOT/State Air Cargo Market Analysis concludes that more than 55% of JAL's U.S. origin or destination traffic moves from or to Far East points behind Japan. The latest Japanese bilateral proposal permits Japanese carriers to continue handling this third-country traffic but does not permit U.S. carriers to compete in the lucrative markets beyond Japan. Because access to the Far East through Japan is critically important, why would the U.S. entertain any Japanese proposal that does not grant U.S. carriers traffic rights beyond Japan?

ANSWER:

It is critically important that U.S. all-cargo carriers have the opportunity to operate beyond Japan to other points in Asia. This is one of several reasons why we found the Japanese May proposal to be unacceptable. You may be assured that the U.S. will aggressively seek such rights in any proposals it makes to the Japanese in the ongoing negotiations.

SENATOR KERRY

QUESTION 1: In preparing the 1988 Air Cargo Market Analysis that was used as the factual underpinning of the subsequent Air Cargo Policy Statement, State and DOT developed a body of valuable information and a handful of government officials knowledgeable about the U.S. international air cargo industry. What concrete measures are being taken to assure that this level of expertise does not diminish and that the Air Cargo Market Analysis is continually updated to remain useful in formulating U.S. negotiating policy? How has this expertise and information been brought to bear in examining the air cargo ramifications of the latest Japanese bilateral proposal?

ANSWER:

The professional staff at the Department that worked extensively on the Air Cargo Study have remained in the positions they held when the Air Cargo Study was conducted. They continue to keep abreast of air cargo developments in their assigned geographic areas. A Data Systems Unit within the Department's Office of International Aviation continually updates and monitors data on U.S. carrier international operations. This information is regularly provided to the professional staff responsible for following developments in aviation relations with the countries in assigned geographic areas. Professionals with many years of experience in U.S.-Japan aviation relations are involved in all aspects of the ongoing aviation negotiations with Japan.

SENATOR GORTON

QUESTION 1: During your confirmation hearing you briefly discussed air cargo issues. There is a serious need for all cargo air capacity from Seattle to Europe. Right now, cargo is being trucked from Seattle to other airports in the U.S. and Canada, including Chicago and Atlanta, where it is shipped via foreign air carrier to Europe. I understand that there are carriers willing to provide additional service at Sea-Tac, but they are not U.S. flag carriers. However, no U.S. carriers are interested in serving this market. Do you think DOT should prevent a foreign carrier from serving this market if no U.S. carrier is willing to serve it?

ANSWER:

In answer to your question, each bilateral relationship must be specifically examined. In some cases we would have no difficulty in granting authority to certain European carriers and in other cases we would find it much more difficult to grant such authority. In this regard, we are guided by principles set forth in the Federal Aviation Act. As you know, Section 1102(b) of the Act sets forth goals for international aviation policy. It directs us to develop a negotiating policy which emphasizes the greatest degree of competition that is compatible with a well-functioning international air transportation system. In pursuing this overall goal, the Congress set out ten specific objectives. These objectives include the following: (1) the strengthening of the competitive position of U.S. air carriers to at least assure equality with foreign air carriers; (2) the elimination of operational and marketing restrictions to the greatest extent possible; (3) an increase in the number of nonstop U.S. gateway cities; (4) opportunities for foreign carriers to increase their access to U.S. points if exchanged for benefits of similar magnitude for U.S. carriers or the traveling public with permanent linkage between rights granted and rights given away; (5) the elimination of discrimination and unfair competitive practices faced by U.S. airlines in foreign air transportation; and (6) the promotion, encouragement, and development of civil aeronautics and a viable, privately owned U.S. air transport industry. In an individual case, action taken to grant U.S. authority to a foreign carrier may clearly satisfy one or more of the above enunciated objectives but not be in accord with others. The recent request of Luxembourg to permit increased Sea-Tac services by Cargolux is a clear example. It was concluded that additional U.S. authority for Cargolux could not be granted given the major imbalance in services approved for the Luxembourg carrier in comparison with the real commercial opportunities for U.S. carriers to serve Luxembourg. Cargolux still, however, has the right to operate unlimited charter services to Sea-Tac or any other U.S. point.

SENATOR GORTON

QUESTION 1 b: Apparently, one of the carriers interested in serving our market is a German carrier. Will the question of all cargo authority at Sea-Tac be on the agenda for our next negotiations with Germany?

ANSWER:

At the present time, there are no scheduled negotiations with Germany, although we have been informed that Germany will seek talks before the end of the year. At the last round of negotiations in 1987, the Germans expressed some interest in obtaining new all-cargo opportunities, although specific new U.S. cities were not requested. I anticipate that at the next round the Germans may want to discuss all-cargo issues and may seek additional all-cargo opportunities for their carriers. In that event, we will be willing to engage in discussions to obtain an exchange of balanced opportunities for both sides.

SENATOR GORTON

QUESTION 2: The U.S. recently completed a round of negotiations with the Japanese government over possible revisions to our aviation agreement. What steps are you taking or do you plan on taking to restore beyond rights to the 1982 Seattle-Tokyo route?

ANSWER:

For several years, Japan has taken a firm position in opposition to granting U.S. carriers any expansion of rights beyond Japan. More recently, as a result of the increasing scarcity of available landing slots at Narita, the Japanese have stiffened their opposition to granting U.S. carriers additional beyond rights, which, of course, require landing slots to operate. Nevertheless, it remains an objective on the U.S. side in the ongoing negotiations to secure additional opportunities for U.S. carriers to operate services beyond Japan. In this regard, the U.S. will continue to seek an agreement with Japan that would permit the U.S. carrier designated to operate the Seattle-Tokyo route under the 1982 Memorandum to operate beyond Japan with local traffic rights.

SENATOR GORTON

QUESTION 2b.: I understand the Japanese have shown a willingness to allow new services from the U.S. to points other than Tokyo, and that a carrier may be interested in providing such a service from Sea-Tac to Nagoya. Will the securing of such an opportunity be one of the U.S. objectives when negotiations resume?

ANSWER:

Japan's May proposal would permit each side to name a carrier or carriers to operate between any city in Japan other than Tokyo or Osaka and any city in the United States not receiving scheduled service to/from Japan. Many have questioned whether such a route would be economically viable since both the U.S. and Japanese points at each end of such a route would not have a developed traffic base. We strongly favor obtaining opportunities for new services to cities in Japan other than Tokyo and Osaka but believe such services should be able to operate from any U.S. cities, including those with scheduled service such as Seattle. We intend to make such a proposal to the Japanese when the negotiations resume.

SENATOR GORTON

QUESTION 2 c: This week, the U.S. concluded negotiations with Thailand without reaching any agreement. The U.S. would not agree to Thai's desire to eliminate the restriction on its services from Bangkok to Sea-Tac via Tokyo. We have heard rumors that Thailand might denounce the agreement with the U.S. Can you shed any light on the current situation? Given that Thai provides 20% of Sea-Tac's capacity to Japan, do you have any thoughts as to how to protect Seattle's interests in the event the Thai's renounce their agreement with the U.S.?

ANSWER:

When the current U.S.-Thailand Agreement was concluded in 1979 and Thailand obtained a new route to Seattle, it was agreed that due to capacity constraints at Tokyo's Narita airport, Thai Airways could not operate unlimited frequencies on the route to Sea-Tac via Tokyo. The Narita constraints continue to exist, and may have, in fact, worsened. We have, however, attempted to reach a practical solution to this problem. In 1979 Thai was allowed to operate four frequencies per week to Seattle via Tokyo. Five frequencies were granted in 1985, although Thai Airways has never operated more than four flights per week. During the recent round of talks, we offered to increase the level of services to seven in 1990, nine in 1992, and to completely eliminate the capacity limitation once a second runway was operational at Narita airport. This offer appears to have been rejected by the Thais on the basis of principle, rather than a desire to operate additional flights on the route.

I do not know whether Thailand intends to denounce the Agreement. If they do denounce, the Agreement would still remain in effect for one year. During that time we would expect to hold further negotiations in order to address Thailand's concerns and thereby preserve existing service patterns and provide for future growth.

SENATOR GORTON

QUESTION 3: A group of U.S. airports has called upon Secretary Skinner to reevaluate U.S. aviation negotiation policy. Sea-Tac is part of that group. They have asked that local community economic impact be given more consideration as part of the equation when evaluating the balance of benefits contained in an aviation bilateral agreement. What are your views on the airports' position? How do you calculate the balance of benefits in a package?

ANSWER:

I am in full agreement with the position stated by Secretary Skinner in his meeting on May 5 with representatives from the eight large airports who had sent him a letter expressing the same concern. At that meeting, the Secretary assured them that our policy is to consider the interests of the cities and airports along with those of U.S. airlines and other interested parties when crafting a balanced exchange of benefits with a foreign trading partner. The Secretary let them know that we fully recognize the economic and social importance to communities of improved international air service, and that we will strive to increase international air service to U.S. communities consistent with our statutory obligations. He made it clear that we intend to continue our policy of soliciting community views and working closely with communities in developing the U.S. position for international aviation negotiations. The Secretary invited their suggestions for improving the implementation of U.S. international aviation policy. Finally, he informed them that the Department's staff is in the process of preparing an international aviation competition study and that it is his intention to use that study as a basis for reviewing our international aviation policy. The Secretary stressed that he will not hesitate to make changes to our policy if they are indicated by our review. As Assistant Secretary for Policy and International Affairs I will ensure that our international aviation policy is implemented in a way that assures that the interests of cities are given the same consideration as the interests of airlines and other interested parties. My personal view is that, to the extent possible, and consistent with a strong U.S. flag airline industry, we should expand international air services to more U.S. communities. I am sure that the Secretary shares that view.

Calculating the balance of benefits in a package is extremely difficult. We are guided, however, by the goals and objectives for developing international aviation policy specified in Section 1102(b) of the Federal Aviation Act, objective evidence such as past and current market shares of the respective aviation partners' carriers, and, importantly, information and advice provided by the affected carriers and communities.

SENATOR GORTON

QUESTION 4: The Employee Protection Program was enacted under the Deregulation Act of 1978. Could you tell me your timetable for reviewing this provision's relationship with the Braniff International Airways bankruptcy? Also, is there a regulation or rule which mandates that you consult with and await the decision of other Administrative Law Judge's who may be reviewing other airline cases? Should DOT decide in favor of the former Braniff employees, what else must occur before the former employees could receive benefits?

ANSWER:

The Department's investigation of the employee protection program (EPP) issues involving Braniff has progressed to the point of issuance of a preliminary decision in May 1988 by the Administrative Law Judge assigned to the case. The Department's final action on the Braniff case will be taken with simultaneous action in two related EPP cases involving United Airlines and Pan American World Airways that are still under consideration by the assigned Administrative Law Judges. Preliminary decisions by the Administrative Law Judges in those two related cases are expected this summer.

The Department has no regulation or rule that requires that separate cases be somehow coordinated. However, the Department, as well as the Civil Aeronautics Board before it, determined that the most effective way to examine issues raised in EPP proceedings, and to develop guidelines for resolving other EPP proceedings, was to select certain cases for initial review and to decide these cases at the same time. Braniff and four other airline cases were selected as lead cases in this novel area.

Once the Department makes a determination in an EPP case, and assuming it finds that the airline had experienced a bankruptcy or major contraction that was caused by airline deregulation, there are essentially two further steps that must take place before benefits could be paid to the eligible employees.

First, the Department's finding would be referred to the Department of Labor which is responsible for making payments to the employees. Because the Department of Labor has not yet established rules governing its administration of the payment program (for example, what amounts would be paid to whom), it would first have to conduct a rulemaking proceeding.

Second, Congress must appropriate monies to fund the program.

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NOMINATIONS—MAY-JUNE

FRIDAY, JUNE 16, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The committee met, pursuant to notice, at 9:32 a.m., in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings, [Chairman of the Committee] presiding.

Staff members assigned to this hearing: Marty Kress and Mike Nelson, professional staff members; Ruth Johnson and Louis Whitsett, minority professional staff members.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. Good morning. The committee will please come to order.

We are pleased to have this morning the confirmation hearings of Admiral Richard C. Truly and Mr. J.R. Thompson of NASA. The committee is totally conversant with the records of the distinguished service of both. Both Admiral Truly and J.R. Thompson were very helpful in our oversight with respect to the Challenger disaster, and we got to work with them on a regular basis. And it is a privilege to have them now presented as the Administrator and Deputy Administrator of NASA.

Senator Garn, we are pleased to have you this morning here.

STATEMENT OF HON. JAKE GARN, U.S. SENATOR FROM UTAH

Senator GARN. Well, thank you very much, Mr. Chairman. I appreciate the committee's courtesy in letting me come. Normally this is done by home state Senators, and I do not claim Dick Truly to be from Utah although I did tell him that I was married in Biloxi, Mississippi a long, long time ago, more than 30 years ago.

But the purpose of my being here I am sure is not necessary. I told Dick a few moments ago that I was confident he would have absolutely no difficulty getting confirmed by this committee and the Senate, and I am sure that is true.

But I just wanted to say to the committee that I think this is one of the best appointments that the President has made. This is an important post to all of us. It is important to the country, and I think Dick Truly is the best man for the job at this time.

I had the opportunity to meet Dick when he came to my office after STS-2, after his first space flight. And a perspective that I have that probably no other member does is I had the opportunity, as all of you know, to spend some time at Houston with the astro-

naut corps. And I think that is where you really learn about people and what their qualities are and the respect that their contemporaries and their peers have for them.

So I did, through my training period, get to know most of the astronauts who were in the shuttle program. And without exception, they have the highest regard for Dick as a fellow astronaut. And when he took over the shuttle program, it was just universal throughout NASA and throughout the astronaut corps of that he is greatly respected. I do not think there is any doubt that he increased the morale considerably because they knew him and they trusted him.

And he brings to the job of Administrator of NASA. His experience as part of NASA, besides his distinguished naval career. With all the difficulties we have had with the post-Challenger recovery, to have someone of his technical background and skill, but as well the great respect that the NASA family has for him, that is why I say that I do not think that the President could have made a better choice.

So, I just wanted to take a minute to tell you how strongly I feel that Dick will do an excellent job. I look forward to working with him on the appropriations part of this process, and I am sure you will find that he will be tremendously cooperative and helpful to you in your deliberations on the authorization committee.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Well, thank you for your appearance and very forceful statement.

We are also pleased to have our fellow member of the committee, our distinguished colleague from Mississippi, Senator Lott.

OPENING STATEMENT BY SENATOR LOTT

Senator LOTT. Thank you, Mr. Chairman.

First I want to say what a pleasure it is to be here this morning with Senator Garn. We are all so proud of what he has done as an astronaut in the space program. Now he is talking about being a paratrooper. So, I don't know. We might have to get him an examination, Mr. Chairman, before we let him out of the room here this morning.

But I am really pleased that he is here. It shows once again his interest in NASA.

I would like to ask, Mr. Chairman, that the statement of the senior Senator from Mississippi, Senator Thad Cochran, be placed in the record. He is in Fort Benning, Georgia this morning to see his son graduate from paratrooper school, jump school. I would like his statement to be made a part of the record.

The CHAIRMAN. It will be included.

Senator LOTT. Mr. Chairman, it is truly an honor for me to be here this morning to introduce this fellow Mississippian. We all know him so well. He has such a tremendous reputation of service to his country over so many years in the Navy and with NASA and, of course, as Associate Administrator of NASA over the past couple of years.

But he is truly a perfect example of the American dream, the American success story. He was born in Fayette, Mississippi, of

very humble beginnings. When you come from Fayette, Mississippi to this lofty position, it is a long way, but the people in Fayette, Mississippi and Meridian, Mississippi, where he also went to school, are very proud of their native son.

Admiral Truly did go to Georgia Tech where he met this lovely lady behind us here, Mrs. Truly. And, Mr. Chairman, I know you are probably going to recognize her later on, but she's a wonderful lady that certainly contributed to his success.

Admiral Truly was commissioned an ensign in the Navy in 1959. He has been with NASA for 20 years. He piloted the space shuttle Columbia. He was commander of the space shuttle Challenger. He was a naval aviator, logged over 7,000 hours in numerous military jet aircraft.

Most recently, among many other honors that he has received, in January he was awarded the Presidential Citizen's Medal by President Ronald Reagan. And, of course, since 1986 he has been Associate Administrator for Space Flight at NASA headquarters in Washington.

He has done so much for his country in the military and in NASA, at a difficult time for NASA. He certainly is eminently qualified for this position, and it is a great pleasure for me to be here to endorse his nomination to be head of NASA and all the people at NASA who are looking forward with him. I know his leadership is going to mean a great deal to this agency as we move into the future and into the next century.

Thank you, Mr. Chairman.

[The statement referred to follows:]

STATEMENT OF HON. THAD COCHRAN, U.S. SENATOR FROM MISSISSIPPI

Mr. Chairman, I am very pleased to recommend to the members of the Commerce Committee Rear Admiral Richard H. Truly for confirmation as Administrator for the National Aeronautics and Space Administration.

The President's selection of Admiral Truly for this important position comes at a time when our space program needs excellent leadership perhaps more than ever before. Admiral Truly is uniquely qualified to provide the type of leadership necessary to successfully move America's space program into the 21st century.

For the first time, NASA will be led by a native of the State of Mississippi, a career naval officer, and a veteran astronaut. Admiral Truly was the first commander of the Naval Space Command. He piloted the second space shuttle flight in 1981 and commanded the Challenger in 1983 during the eighth flight of the shuttle.

But more importantly, NASA will be led by someone who has earned the respect of all for his capable leadership during the most critical period of our Nation's space program. As Associate Administrator for Space Flight, Admiral Truly led the recovery team following the Challenger tragedy in 1986, and he spearheaded the shuttle recovery program that led to America's return to space.

Richard Truly is the epitome of the excellence and promise which have characterized America's space program. I am confident that he will be an outstanding administrator and will reflect credit on this Administration.

The CHAIRMAN. Very good. we thank you both this morning for your appearance.

Admiral Truly, we will be glad to hear from you at this time.

Senator GORE. I would like to make a brief opening statement, Mr. Chairman, if I could.

The CHAIRMAN. Sure.

OPENING STATEMENT BY SENATOR GORE

Senator GORE. I am glad to welcome two special men to this hearing today. Admiral Dick Truly and J.R. Thompson deserve much of the credit for the recent achievements of America's space program. Admiral Truly, as head of NASA's Space Shuttle program, and J.R. Thompson, as head of the Marshall Space Flight Center, helped get the Shuttle flying again after the Challenger disaster. Because of the long, hard hours they put in, because of the inspiration and motivation they provided the NASA/Contractor team, because of their ability to get things done, America is back in space. Not because it was easy, but because it was hard!

Because of them and their team, the Magellan probe is on the way to explore Venus, and in less than a year, the Hubble Space Telescope will be launched and the Galileo probe will be on the way to Jupiter. They've helped open an exciting new episode in our exploration of the Solar System and the Universe, which would not have been possible without a viable Shuttle program. Thanks to these two gentlemen, the United States space science program will continue to be preeminent.

Now, they have been nominated for the #1 and #2 positions at NASA, and I cannot think of better choices for these positions. Here we have two men from within NASA, career public servants, who know the agency and its history and are dedicated to their jobs and their country. They won't have to spend a lot of time learning their jobs. They will provide the continuity needed to keep NASA on an even keel in the exciting years ahead.

Admiral Truly, you've come up through the ranks so you know how NASA works at a number of levels. As pilot of the second Space Shuttle flight and commander of the eighth one, you know what it takes to get a man into space. And you know what it's like to be a man in space. Unlike the rest of us, who are a bit envious, you have been able to see our planet from a unique vantage point. From orbit you can view an entire continent in a single glance. You can circle the globe in an hour and a half. More than the rest of us, you know the romance of space, you know the risks of space. And you know why we need men, and women, in space. On your missions, you and your crew accomplished things that could not have been done without manned space flight. You were there to take care of the situations that machines could not anticipate, that required the human touch, and to take advantage of unexpected opportunities. You are the right man for the challenge that faces NASA today—convincing the Congress that the manned space program, starting with the space station, is a national priority and a budget priority.

A few years after you came back to earth, you became NASA's Associate Administrator for the Office of Space Flight. You took that job a few weeks after the Shuttle disaster, and spent the next two difficult years identifying problems and fixing them so that the Shuttle could return to flight. The reputation that NASA earned for 28 years of successes was lost with a single failure. Restoring confidence in NASA has certainly not been easy. But the experience clearly trained you well for the position of NASA Administrator, for which you have been nominated.

During the last three years, you have worked closely with the man nominated to be the Deputy Administrator, J. R. Thompson, who since 1986 has been Director of the Marshall Space Flight Center, which provides the engines and boosters that get the Shuttle into orbit. Mr. Thompson, your expertise as an engineer and your experience as a manager have prepared you well for this new job. You, too, know that millions of different things have to work right for a NASA mission to succeed, and you have shown that you can make sure that each one of them is done right.

I am glad that both of you are appearing before the Committee today because in the coming years, you will be required to work together as a team, just as you have in the past. NASA is a big, complex agency, and having two talented people, who are used to working together, running the agency is a recipe for success.

I am glad that the Commerce Committee could move quickly to consider your nominations. We hope to be able to report your nominations to the full Senate less than two weeks after we received your nominations. It is not easy to move nominations so quickly, but we, like you, are eager to see you confirmed and hard at work running NASA.

Admiral Truly, I would be remiss if I did not indicate that you are the first military officer nominated for the position of Administrator of NASA. As you know from our conversations, I support your nomination, but I also am convinced that this Nation must have a separate and distinguishable civil space program. Under your leadership, therefore, I expect NASA to maintain that civil character and to continue to be committed to the principles outlined in the National Aeronautics and Space Act, including the use of space for peaceful purposes for the benefit of all mankind.

Admiral Truly and Mr. Thompson, I look forward to working with you and in charting the course of the civil space program for the 21st Century. The decision that we will make in the next few years will not only determine the future course of the civil space program, they will determine the future of our children and our children's children. Let's make sure that our kid's dreams can become realities!

Thank you.

The CHAIRMAN. Senator Gorton?

OPENING STATEMENT BY SENATOR GORTON

Senator GORTON. Mr. Chairman, I can be very brief.

I have visited already with Admiral Truly. I share the admiration which has been expressed for him by each member of the Senate who has already spoken here this morning. I am delighted at the team that we are about to get to head up NASA.

I doubt, Mr. Chairman, that I will be able to stay here for the round of questioning. I hope that Admiral Truly at some point or another during his testimony will give us his insight and advice with respect to the alarming loss of key personnel which NASA has been suffering for a number of reasons, one of which, of course, has been objections to some of the ethics rules recently promulgated.

But with that, I think he is a great nominee.

The CHAIRMAN. Thank you.
[The biographical sketch follows:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN
DANIEL K. INOUYE, HAWAII
WENDELL H. FORD, KENTUCKY
J. JAMES EXON, NEBRASKA
ALBERT GORE, JR., TENNESSEE
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WALTER B. McCORMICK, JR., MINORITY CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Truly (Last) Richard (First) Harrison (Other)

Address: 5023 Domain Place (Current residence) NASA Headquarters (Business)

Alexandria, VA 22311 Washington, DC 20546

2. Position to which nominated: Administrator, National Aeronautics and Space Administration

Date of nomination: April 12, 1989

3. Date of birth: November (month) 12 (day) 1937 (year)

Place of birth: Fayette, MS

4. Marital status: Married

Full name of Spouse: Colleen Hanner Truly

5. Names and ages of children:

Richard Michael Truly 27

Daniel Bennett Truly 25

Lee Truly Rumbles 24

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Georgia Institute of Technology	1955-59	B.A.E.	June 1959

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
2/86	4/89	U.S. Navy	NASA Headquarters Washington, DC 20546	Associate Administrator for Space Flight
11/83	2/86	U.S. Navy	Naval Space Command Dahlgren, VA 22448	Commander
8/69	11/83	U.S. Navy	NASA/Johnson Space Center Houston, TX 77058	NASA Astronaut
6/66	8/69	U.S. Navy	Space Systems Division Los Angeles, CA 90009	MOL Astronaut
11/63	6/66	U.S. Navy	USAF Aerospace Res. Pilot School EAFB, CA 93523	Student/Instructor
5/61	11/63	U.S. Navy	NAS Oceana Virginia Beach, VA 23460	Fighter Squadron 33
4/61	11/61	U.S. Navy	NAS Cecil Field Jacksonville, FL 32215	Fighter Squadron 172
6/59	4/61	U.S. Navy	Flight School NAS Pensacola, FL 32508 NAS Whiting, Milton, FL 32754 NAS Chase Field, Beeville, TX 78103	

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

See item 7.

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

None.

3

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

Society of Experimental Test Pilots

American Astronautical Society

Association of Naval Aviation

U.S. Naval Institute

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Presidential Citizen's Medal

Defense Distinguished Service Medal

Defense Superior Service Medal

Two Legions of Merit

Navy Distinguished Flying Cross

Meritorious Service Medal

Two NASA Distinguished Service Medals (continued on page 10)

12. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

"Flying the Enterprise" (Naval Aviation Museum Foundation, Spring 1989)

"Space Shuttle - The Journey Continues"(NASA Publication, 1988)

"Space Anchors Aweigh" (Officer, November 1984)

"From Masthead to the Edge of Space" (Wings of Gold, Summer 1984)

"Naval Space Command - New Powers for Naval Operations" (Aerospace America, April 1984)

Admiral Truly, we will be glad to hear from you now, sir.

STATEMENT OF ADMIRAL RICHARD H. TRULY

Admiral TRULY. Thank you, Mr. Chairman.

With your permission, I would like to submit my written statement for the record.

I also would like to start by saying how much I appreciate the opportunity to have my wife Cody here with me today and also to be at the same hearing with a person for whom I have so much respect, J.R. Thompson, who is the President's nominee for Deputy Administrator.

It really is an honor for me to be here today as the President's nominee to be the next NASA Administrator.

I think today that NASA finds itself truly at a crossroads both of opportunity and challenge. There is much on the agency's plate both in aeronautics research and in space endeavors. I think this is entirely proper because I think this unique and unusual agency is one that has many jobs to do for the Nation. And we can accomplish those jobs given the resources and the tools to do them.

I think also at this time that the leadership and management responsibilities in NASA are fairly daunting. Expectations are high of our agency and resources are limited. And we are just coming out of a period which is fresh in our memory to remind us if there is not a match between the tools to do the job and the expectations of the job, that failure can be the result. But I really look forward to being here at this particular time, and I am delighted to step up to it.

Foremost on my mind is the sure knowledge that NASA's successes are based on its people and the committed excellence of these people, and that is what I would like to talk briefly about first.

These scientists and engineers and technicians and clerical people are literally the best and the brightest that our country has. They have come through good times and bad times with flying colors. I think they deserve your recognition and your admiration for their achievements, but I can tell you today with some personal certainty that these public servants are also at a crossroads of confidence. And I think there is no greater challenge or opportunity that faces the leadership of all three of our government branches to ensure that public service can attract and retain the kind of quality people that it takes for agencies like NASA to do our job.

Surely a nation as blessed as ours is and fortunate can afford to do I think in the next few years what is required. We must correct the pay discrepancies that we all talk about and know so much about. We must provide safe and adequate work places for them to live and work in. And I think we need to establish clear and concise ethical guidelines so in the worlds of procurement and dealing with the private sector and in personal business, they know what is expected of them because these are the people that we expect so much from and hold so accountable for our public's business. In my view no national business is so urgent as this, and it is one that I hope to be a part of the solution over the next few years with you.

This Senate committee, probably like no other, along with NASA knows the jobs that NASA can do. I believe in this environment that we must together understand and clearly decide what are those jobs in space and aeronautics research that we must do because the menu is quite full, and we are quite capable I believe.

I believe those things that we should be doing, first of all, is to expand our presence in space from a capability of short forays on short duration missions to a permanent presence in space that is a foothold that is represented by Space Station Freedom.

I think we need to make generous use of the tools available from space flight to understand earth's environment and also the environment of the other planets so that we through that knowledge again can understand our own earth well enough to permit a wise stewardship for future generations on this planet. It is in our charter and we need to continue to expand human knowledge and understanding of our universe in which we find ourselves.

I believe we need to strengthen our aeronautics research programs which contribute so much to America's leadership both in civil aviation and also in our defense capabilities. And I think we need to move forward across a broad front of new technologies that

NASA is capable of leading us in to assure that America has a national future that is absolutely second to none.

I believe that these things can be achieved by a team effort between NASA, the Congress, our private sector, and the international community.

Even though this is not a budget hearing, I cannot fail to take this opportunity to urgently request this committee's continued support and your influences with your colleagues for adequate resources, that is, the people and the dollars and the work places, for NASA to do its job. I am very aware of the difficult fiscal choices that you and we all face. But I do not believe that any of the President's nominees that could come forward to the Senate has a more ingrained view that the very things that NASA stands for, excellence in education, in aeronautics, in space exploration, in knowledge through space science and technology—I believe that these are the very things that are America's best investment, and that investment has to be made with resources.

NASA is moving again. We have demonstrated that men and women can live and work and explore in space. The space shuttle is back in flight and is off to an excellent start. It is a much improved system. We are flying an important backlog of science and applications and national security payloads. And we are well into the development of Space Station Freedom. And with your help, I believe that our successes can and will continue.

I believe that I am prepared with your support for the assignment that President Bush has chosen for me. I look forward to the challenge and I can assure you that the people of NASA are eager to continue their important work for this Nation.

Thank you very much for the opportunity to be here today, and I will be pleased to attempt to try to answer any of your questions.

The CHAIRMAN. Admiral, not being a member of the cabinet, administering an independent agency, do you feel that you have reasonable access to the President?

Admiral TRULY. Yes, sir, I do.

The CHAIRMAN. Have you discussed with him the budget shortfall? In other words, you asked OMB for $14.3 billion in FY 1990. Instead the President's request recommends $1 billion less. Have you told him what is going to have to be cut back as a result of that $1 billion cut?

Admiral TRULY. We did that in the process of building the budget that eventually ended up being the President's budget, and a good bit of content was cut out of that budget in the rounds with OMB. But I have spoken to the President. I have spoken at quite a bit of length with the Vice President, and have met for quite a while just the other day with Mr. Darman, head of the OMB. And I believe that as the years go on and as the weeks and months go on, that you will see NASA gaining the firm support of the President in our resource battles.

The CHAIRMAN. I think that you have access to Mr. Darman, the Director of OMB. Do you know the people that handle the space budget over at OMB? Have you familiarized yourself with those folks?

In other words, we find at the committee level many a cabinet officer coming forward and he is enthusiastic, we are enthusiastic,

but there is no connection. There is no linkage. There is no follow-through. There is no money. And somehow it is almost like a disconnect when it really comes to put our money where our mouth is, as the old expression goes down in Fayette, Mississippi.

So, do you know who handles your budget over at the Office of Management and Budget?

Admiral TRULY. I do, and as a matter of fact, he was sitting in the meeting with me with Mr. Darman. I must say, though, in all truthfulness that my major experience with OMB over the past few years has not been as Administrator but in the Office of Space Flight Programs. And believe you me, we have done our battles with him with our sleeves rolled up. And we have lost some and we have won some. Clearly, if confirmed, I will have a new responsibility, but I intend to shoulder it.

The CHAIRMAN. What is represented in the $1 billion cut from what you requested and what the President requested? What are you going to eliminate? What are you going to cut back? You see, we are trying to get a feel for your priorities.

Admiral TRULY. An example of the things in the Office of Space Flight that were cut was we actually reduced a flight in 1990 in order not to buy the rockets and tanks to do that flight and the associated operations cost. We held onto all those things that I felt strongly about and drew a line in the sand about, about safety and reliability and quality. So, I have no problems there. But we squeezed $1 million here and $1 million there out of our entire budget.

On the expendable launch vehicle side of my previous job, we deleted a Titan IV which was to be an alternate transportation capability for the planetary spacecraft, Magellan, Ulysses and Galileo, in case the shuttle missed any of those flights. And the reason that we gave it up was simply because those flights were scheduled on the shuttle, and we expected to fly them that way. That was about $100 million.

It turned out that that budget decision on that Titan IV coincided with the inability of the DOD to provide us the Titan IV because of their schedules. As you know, they had their first Titan IV flight the other day, but it was quite a few months behind schedule.

But those were real things that I felt like at the time that were needed and are examples of what added up to a reduction in the Office of Space Flight of several hundred million dollars. Over half of that billion dollars came out of the Office of Space Flight Programs.

The CHAIRMAN. What about the space station? How is it impacted?

Admiral TRULY. Space station was held at pretty much the required funds to keep it on schedule, which was about $2 billion I think in fiscal year 1990. And those cuts were taken out of other parts of NASA.

And frankly, I think that we had some very heart-to-heart debates about that, and I am very concerned about the balance of the programs. Nevertheless, I think we drew the line at the place that it had to be drawn in order to come forward and argue for the

space station which we feel very strongly is America's next logical step.

The CHAIRMAN. Senator Gore?

Senator GORE. Thank you, Mr. Chairman. You have been covering the questions of most concern to me. Let me just add a couple of other questions to the same line of inquiry.

How high a priority is the space station for you?

Admiral TRULY. I think the space station is clearly the highest priority new initiative that NASA has. It is the most visible. It is a very logical step. We have been talking about a space station since I have been in NASA, some 20 years ago. We put it off in development at the time.

Our initial concept after Apollo was to build in parallel a space shuttle-like vehicle—it had not been designed yet—and a space station. But the fiscal reality of the reduction in the NASA budget after Apollo prevented us from doing that. Now it is 15 years later or so, and we are finally there. I think it is a logical program.

But I am very concerned about some of the talk going around about the size of the decrement to our budget request. And there has been a lot of erroneous or, I would say, misleading comments that I have read in the media about efforts that J. R. and I have anticipating a reduction. That is not so. I know that if we finally see one, we are going to have to see how to take it. But I am concerned about it. I feel very strongly that we should not take it all in schedule.

Earlier in my career I was involved in another large program. It was an Air Force program called the Manned Orbiting Laboratory. And in that program we saw a large reduction three years in a row, and at the end of that experience, we had slipped the schedule three years in a row. We were no closer to launching. And in the end we lost the program. America spent $3 billion in 1965 dollars and never flew the mission.

So, I believe the chore this year is first to win our arguments in the Congress with the required budget for the space station. If that is impossible to do and get the full amount, we are going to have to take a hard look as to what to do. But my preference is in the next year to move forward toward the launch date at all costs.

In answer to your question, I do not see how I could describe it to be a higher priority in our business this year.

Senator GORE. Well, I am glad to hear that. Your comments do not surprise me. But at the subcommittee level, we see the problems over on the House side, and I am very concerned as you are. And I just hope that the President is willing to come up to Capitol Hill and fight for the space station because I think that many in the other body, as we describe in the House, are after it.

And there is an easy assumption on the part of some that robots can do a better job of exploring space, and if we cancel the station, then we will just redirect America's program in space and everything will be fine. But that is wrong because our competitors are not slowing down at all. They are accelerating and the cancellation of the station or a serious cutback in the station which led to the withdrawal of the foreign contributors would lead to its demise and a major shifting of gears in America's space program and a loss of

U.S. leadership in space. So, I really think it is very important that we fight this battle and win this battle.

But, you know, if you look at the normal evolution of the program, a flat budget next year is not going to get it because the program, if it simply evolves normally, will require a large increase next year. Are you getting signals from the President that that money is going to be there and that the battle will be fought next year as well? You know what I am trying to say.

Admiral TRULY. Yes.

Senator GORE. People are looking at this year's battle in the context of the program's funding profile over the next several years. And frankly, a lot of people on Capitol Hill do not see the President in a position to fight for that increase next year. So long as we have a President of the United States who is willing to swear on a stack of Bibles that we do not need any more revenue or any major structural changes on the spending side, then issues like this one become very difficult to deal with.

That is not a question that can fairly be put to you, but I will give you a chance to respond anyway.

Admiral TRULY. Well, I think it is true that NASA's budget sticks out like a sore thumb up here on the Hill because it is an increase and it will be next year. I think that is recognized, but it is an increase for a very good reason. The reason is that programs that we already have on the plate are at a point that require through normal development funding increases in order to do the job.

For example, we are building up the shuttle flight rate. For the last three years, we didn't have any launches, and we have had four launches so far. We have a few more this year. But that flight rate is going to be slowly, surely and safely increasing over the next few years, and that is more tanks, more rockets, more people in order to do that job and, therefore, more money.

The station is at the same point in its development. It is very early in its development, and it is the largest international technical project that has ever been attempted. We have major commitments from our allies in the space station program.

So, you are right. I cannot speak for the President as to what he will do, but I can tell you that it is very clear to him and to OMB and Mr. Darman in the executive that NASA's run-out in the next few years is going to be an increasing resource requirement or a reduction in the jobs we are being asked to do.

Senator GORE. One other brief line of inquiry. But I am very interested, as I have told you personally in the Mission to Planet Earth program and the earth observing program. We were together at the Eurospace Symposium on the role of space and confronting the problems of the global environment just this past weekend.

I know of your personal support for it, but I would like you to reaffirm it here and describe why you think the Mission to Planet Earth is so important.

Admiral TRULY. My personal view it is important for reasons that we can see here on the planet. We are in a period of time when we see things happening to our earth, to our environment that we do not understand. It is a very complicated issue. And whether I was for it or whether I was not for it, the simple fact is

that the best way to understand a global environment is from a global view, and that is from space.

I think it is going to require even more than that. I think it is going to require the cooperation of an international community not only of space-faring nations but of others as well that can put together an integrated data base, if you will, over a period of years so that we can understand the factors that are creating some of our problems of potential global warming, of ozone depletion, et cetera.

We do have on the plate today a number of programs and plans for the future for others that naturally we are going to have to fight out internally. We are going to have to battle out in the world of the budget through the OMB, and then we will surely be up here debating them with you.

But I see no real solution to creating this data base except through a global view.

Senator GORE. One final comment. I think that the key to its success is an immediate initiative by NASA to deal with the data management problem to ensure the effective utilization and dissemination of the massive quantities of data that will be coming to the earth from these observing satellites.

And finally, as I said before, I strongly support your nomination. I am just delighted that you are there now on the job, and I think the country owes you a great debt of gratitude.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Lott?

Senator LOTT. Thank you again, Mr. Chairman.

Admiral, just two or three questions. I was very pleased and impressed with the fact that when your nomination was decided on by the President, he had a press conference in the Roosevelt Room at the White House to make that announcement, and I think at the same time made the decision on J.R. Thompson. We all were so impressed with the team. I thought it was of great significance that that sort of event was held at the White House to highlight your selection. How did you feel about that?

Admiral TRULY. Well, it kind of made me feel good too.

Senator LOTT. So, do you have the impression that the President is supportive of NASA and supportive of you and going to be cooperative with NASA and give NASA a high priority in his thinking and his role as President?

Admiral TRULY. Senator Lott, I have no doubt about that. I first met President Bush when he was Vice President the day after I landed on my first space flight, STS–2. We had to land early because of a fuel cell failure. And he and Mrs. Bush flew to Houston and we had breakfast with our families, with my commander, Joe Engle.

And since that day, I have seen him many times in various events, and I think his interest in aviation and in space and in the belief that investments in technology and research are absolutely imperative for the good of the future of this country I believe are ingrained in President Bush. And I have no doubt about his personal feelings and affection for the work that we do.

Senator LOTT. Great. Was there anything in your mind that particularly stood out in his State of the Union Address in view of your position at NASA?

Admiral TRULY. I thought the fact that he clearly singled us out in a part of that address was very significant. When he was in the campaign, he mentioned us many times. He was on the lake bed—I was privileged to be with him—the day that the STS-26 crew landed at Edwards from our first return flight. So, I think I have enjoyed the things that he has said and the appreciation for our people that I feel so strongly about.

Senator LOTT. So, he did highlight NASA in his State of the Union and said during his remarks that he would ask for more money for NASA. Isn't that correct?

Admiral TRULY. That is true. I believe he said that he thought America's space program should go full throttle up.

Senator LOTT. And the funding request for NASA for this year over last year is an increase. Isn't that correct?

Admiral TRULY. Yes, it is.

Senator LOTT. How much? Do you know offhand?

Admiral TRULY. It is 20 something percent. It is a significant increase, and it was also an increase last year. And if we are to be expected to do the jobs we have, it will be another increase next year.

Senator LOTT. My point in asking these questions, as you know, is to show that you have had the opportunity to work with the President, know the President in the past and that he does, in fact, very aggressively support NASA. And while you did not get every dollar you would like to have, there is an increase this year and there is a significant commitment to NASA, and we are going full throttle ahead. I do not think there is any doubt in your mind. There is certainly not in mine. And I do not want anybody to get that impression from anything that has been said here this morning.

Also, shifting a little bit, in my mind there is no question that we have plenty of money coming into the Federal Government, plenty of revenue, a significant increase in revenue over last year. The question is priorities, and that is where it gets a little tougher because NASA, in the appropriations process, is in the package with some other very deserving human resource programs, and it makes it tough to decide priorities and decide where we are going to spend money and how much we are going to put in each program.

So, that makes it even more important that we have a man like you, who has been an astronaut, that people know and have confidence in, and that will not only do a good job technically and administratively, but also will do the PR job. And I want to emphasize, I think it is very, very important, essential, that you and your people at NASA convey to the American people that this is not just some science fiction dream that we are trying to make a reality. We are dealing with real programs that have real benefits for this country militarily, medically, pharmaceutically and in other ways make every effort to apply the information and the knowledge and the abilities you acquire in NASA to the private sector, to the real world, down on the human level.

I think that will help you and help us get your priorities competitive and up there where they need to be with other very important programs.

Would you like to respond to that at all?

Admiral TRULY. Well, I will do my best to keep those advantages before the public's eye. It will be easy for me to do that because I believe it. I guess we will have to wait and check my effectiveness a little bit later, but it will certainly be easy for me to take on that task because I certainly believe it is true.

Senator LOTT. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Pressler?

Senator PRESSLER. Thank you very much. I want to welcome the nominee I think we are very lucky to be getting him to serve in this public service position. It is a difficult task managing one of the most significant programs in the world at quite a low salary and with a lot of responsibility.

The issue of global warming has been raised here and NASA's role in that. I know that some of the droughts we have had in the midwest have raised interest in that, also the issue of pollution that has already been mentioned by Senator Gore and others.

The importance of the EOS program and NASA's involvement in global warming is a major one, especially in my state. We have the EROS Data Center which receives the land remote sensing data acquired through that program. And as I understand it, by the mid-1990s, NASA will be the largest single user of that facility. I had the chance to discuss this with you during our visit in my office, but I might ask you to expand upon that whole concept and how you see that program going.

Admiral TRULY. Well, the earth observing system program is one that is being put together now, if you will, both from the point of view of what space infrastructure that it takes to get the data about the earth, but also the data management and dissemination system here on the earth in order to understand the data when we get it.

We do have some planning money that is in the 1990 budget that is putting together this potential new start, and I have discussed it. I have not had the time to personally get terribly involved or knowledgeable about it, but I have discussed it at some length with Dr. Fisk, who is our Associate Administrator for Space Science and Applications. The EOS, as it is called, will be a new start candidate for 1991. And when we come forward with the proposal, as a part of it, we will insist that we have a good understanding of the data collection and archiving process.

Senator PRESSLER. I have been a strong supporter of the space program and have always said there are spinoff benefits. And I think that what has happened in the warming of the earth, and all the issues that surround that, have really illustrated the national need for a space program.

I have been concerned that our hesitancy or uncertainty about things such as the space station, for example, have left a lot of engineers and personnel at NASA demoralized sometimes. If they are not certain that their program is going to be there, if we do not pay them what they can make in the outside world, at least we should have a very definable goal.

Do you have any general comments on the retention of personnel? I am not talking about the very top, but the engineers and others who work at NASA. Is that a problem? Is the turnover high?

Admiral TRULY. I think on the top of my list of things to do and things that I would like to do would be to somehow contribute to the correction of ills I think that the people in our public service have, and it does include the people at the top, but also throughout our government but, of course, in my particular case, the responsibilities within NASA.

We have a particular people problem that goes back for over two decades, and it is very clear, if you look at a plot of age of our workers versus across our work force, because of our inability to hire, because of low budgets in the 1970s in particular, it has the shape of a camel's back. We have a lot of—not a lot, but we have a large number of people that are very experienced and are getting old We have a large sag in the population in middle managers, and in the last few years when we have been able to hire college fresh-outs and young graduates, we have a number of young people.

But we have quite a serious management challenge in the next few years to keep these people. They are absolutely vital to our space program. We cannot do the job without them. And they also are so talented on the average that industry is very interested in them. And when industry gets interested in them, they offer them money and salaries, and many of them are faced with a real tug.

They love I think what they do. There are naturally disappointed if their program gets delayed or cancelled, but on the whole, our people really do enjoy working in aeronautics and in the space business. But they have families to raise. They are like everybody else. They like to have the respect of the public and of public officials. And I believe there is a lot of work to be done for us to be able to keep them and to attract them to stay at their work place.

Senator PRESSLER. In terms of retaining people, particularly top scientists and engineers, will the new ethics laws contribute to this problem, and what can be done to help out?

Admiral TRULY. My experience over the last few months has been that the thing that has hurt us—and it did get a little splash of publicity in the last few weeks—has been the confusion, not so much what the legislation required of an individual or what restrictions that it put on the individual for the future, but the confusion as to what those restrictions were because you get people that are already not being paid at the same levels that they could be on the outside, and then along comes legislation that is confusing to them. I think that has been the most recent problem, but that is a problem that we together, the Congress and the administration and the agencies, should be able to take on and to resolve. I do believe that is a short-term problem, but that is an excellent example of something that together I think we have to face up to.

Senator PRESSLER. Well, I have taken an interest in retention of good people working in government, and you are certainly an example of that.

Under current law, the NASA Administrator is required to be a civilian. We have introduced legislation to allow you to retain your

commission. Otherwise, as I understand, you would have to resign your commission as a retired officer and lose your right to draw retired pay after you complete your Federal service. I certainly support that legislation. Your situation is similar to that of James Busey, the FAA Administrator-designate, for whom we did the same thing.

Did I describe the situation correctly? Would you lose all your retirement pay if you were to take this job, or how does it work?

Admiral TRULY. Well, what the legislation provides is it gives me the confidence that that won't happen even though it would be interpretable by lawyers I guess on all sides of the issue.

Basically the legislation is very simple. It says that the retirement benefits that I have accrued from 30 years of service in the Navy will not be lost when I leave the job of being the NASA Administrator, should I be confirmed. And it does not provide for any special privileges, any extra pay. I still will lose my retired pay during the time that I am the NASA Administrator, but it does make sure that it protects me and my family for those things that I believe I have rightfully earned in 30 years of naval service.

Senator PRESSLER. Good.

One final question in one area is, what are the Europeans and Japanese doing in terms of research on warming of the earth, in terms of the types of things NASA will be doing, in terms of pictures and images that will come to the EROS Data Center? Are we cooperating with the Europeans or the Japanese, with some of their information systems or are we taking the lead?

Admiral TRULY. I believe that NASA is going to have to be a leader in this effort. However, as I said earlier I think in answer to another question, I also believe that the problem of the earth's environment is a global problem. It has to be treated internationally, and I do believe that we do have a good start with the consciousness of this problem. I know that is true in the European community because just in the last few days I participated with the Director General of the European Space Agency in a symposium on this very issue which I believe was recognized on their side of the Atlantic as well as on ours that the solution to this global problem has to include an international community. And I personally think it has to include more than the space-faring nations. There is going to have to be a gathering of data here on the earth of many nations around the globe, many of whom are not in the space business.

Senator PRESSLER. Yes. The space-faring nations are probably the ones that will send less chlorofluorocarbons up in the end, unless the cooperation occurs on all fronts.

Admiral Truly, I think we are very lucky to be getting you as Administrator.

I appreciate very much the meeting we had the other day, and I wish you well.

Admiral TRULY. Thank you.

The CHAIRMAN. Admiral, I think the record ought to show that we were not making a political point on your budget. We were trying to bring into focus for the record and for the colleagues interested that we are behind. Dr. Fletcher described this request at $13.3 billion as submarginal, and it is readily understood by this

Senator because I had to meet with Dr. Fletcher in an emergency meeting in the oval office with President Reagan—Senator Garn, myself, Howard Baker—to get the President to make calls to try to get our money because we not only have the authorizing but Senator Garn and I handle the appropriation on the Appropriations Committee.

And at the moment, the reason that your predecessor called it submarginal was that we have had this space station program now for four years and have expended $2 billion—well below what was projected. The program should have been at $2.9 billion in 1990. But now that is next year's budget request and the FY 1990 request has been reduced to only $2.05 billion. It is about $900 million behind what we were told last year. We only have $900 million this year. And as you well know, we already have slipped one year. So, what we are talking about is not having it to slip again because if you do not get out of the gate, you don't get the program going, and it slips. And then they get cost overruns.

They ought to buy a mirror. We are the most responsible in this government for cost overruns the way we handle budgets. We act like the administration or the bureaucracy is at fault. It has been our policy to replace progams where we do not have a lot of money. We haven't been really fully funding the space station program and have caused it to slip.

And I wanted the record to show that and that Dr. Fletcher has already testified on your particular budget calling it submarginal.

It came to the committee's attention—and I think we ought to make this part of the record—a newspaper headline and other letters or stories in the Houston Chronicle in February, "NASA Accused of Failing to Ground the Medically Unfit." We had the staffs of both the majority and the minority sides on behalf of our committee working for the past five or six weeks over at NASA before your appointment to investigate it thoroughly.

The Inspector General, Bill Colvin, a former FBI agent who has the great respect of the committee, only yesterday submitted a report to me on this matter. The report is confidential. But the accompanying letter will be made a part of the record, and I quote just a phrase from it. "During the course of the investigation," Mr. Colvin states, "we received allegations from several different sources, including newspaper articles and an anonymous letter regarding the allegations at the Johnson Space Center. We have found no basis in fact to corroborate the allegations and have therefore closed our inquiry. We have no plans to investigate this matter further."

[The letter follows:]

NASA
National Aeronautics and
Space Administration
Washington, D.C
20546

Reply to Attn of: Office of Inspector General

JUN 14 1989

Honorable Ernest F. Hollings
United States Senate
Washington, DC 20510

Dear Senator Hollings:

The NASA Office of Inspector General has completed an investigation at the Johnson Space Center, Houston, Texas, into allegations of mismanagement of the astronaut office and unauthorized disclosure of astronaut private medical records. In response to your letter dated June 12, 1989, we are enclosing a copy of our final report of investigation. During the course of the investigation, we received allegations from several different sources, including newspaper articles and an anonymous letter. Regarding the allegations at the Johnson Space Center, we have found no basis in fact to corroborate the allegations and have, therefore, closed our inquiry. We have no plans to investigate this matter further.

In addition to the investigation concerning the allegations contained in the anonymous letter, the General Counsel of NASA made inquiry into the basic structure of the NASA Flight Medicine Program. The purpose of this inquiry was to verify that an adequate system existed to make independent, medically reasonable judgments concerning the astronauts' flight status. This inquiry revealed that the current program is active and effective and was reviewed for currency in 1988. Under the program, certifications of flight status are made by qualified medical boards. It was also determined that these boards are fully supported by NASA management and that board determinations have been neither influenced nor reversed by management. Thus, the General Counsel's inquiry revealed that NASA has a professional flight medicine program that is fully supported by management. A description of the Flight Medicine Program, along with major program documents, is enclosed.

I am pleased with your interest in NASA operations, and if I can be of any further service, do not hesitate to contact me.

Sincerely,

Bill D. Colvin
Inspector General

5 Enclosures

The voluminous report of the Inspector General will be available, of course, for the members of the committee. But this Senator finds it unfounded, and I am glad we had that cleared up. I didn't want your hearing to be conducted here this morning and then have a story come out next week or another month from now or another year from now that the committee was unaware. Not only were we aware, we went into it very, very thoroughly.

We appreciate it very much. This morning we have distinguished Senators waiting to present J.R. Thompson. He needs their help I guess.

Thank you very, very much, Admiral Truly. We look forward to working with you.

Admiral TRULY. Thank you, Mr. Chairman.

The CHAIRMAN. Yes, sir.

[The following information was subsequently received for the record:]

POSTHEARING QUESTIONS OF SENATOR GORE AND THE ANSWERS

Question 1:

Admiral Truly, if approved to be Administrator of NASA, what would be your list of priorities? Does the FY 1990 budget request submitted by the President give you the necessary resources to fulfill those requirements?

Answer:

Our highest priority is to implement the ongoing program, to safely increase the Shuttle flight rate, move ahead on the Space Station Freedom to meet the initial assembly mission in 1995, and to continue a robust Science, Aeronautics and Space Technology program with selected initiatives such as CRAF/CASSINI and High-Speed aeronautics research. A major priority continues to be revitalization of the in-house personnel and facilities at the NASA centers. The FY 1990 budget is very tight, but if supported by the Congress, we believe we can meet our planned program requirements.

QUESTION 2:

What efforts do you expect from the President and the Vice President to help NASA in its FY 1990 budget battle? Does the White House realize that the NASA budget is in serious difficulty on Capitol Hill? Admiral, is the space station a high priority for the Bush Administration, and are they willing to fight openly and actively for this program?

ANSWER:

The President and other members of the Administration have made many statements committing to the FY 1990 budget and in particular, the Space Station. I feel confident of this strong support throughout this difficult budget process.

QUESTION 3:

Based on your most recent review of the agency programs and budgets, what are the strengths and weaknesses of NASA, and what steps do you intend to take to increase your strengths and diminish your weaknesses?

ANSWER:

Our great strengths are that we are flying again and that we have a dedicated cadre of people and in-house facilities. Our principal weakness, in my opinion, is that our plate is extremely full at the same time that our facilities are aging and that a significant percent of our experienced workforce is approaching retirement age. Taking steps that result in improvements for those in public service, combined with careful management of our resources, are what I believe is required.

Space Station

Question 4:

Admiral, you recently spent the day at the Reston Space Station Office getting a very thorough briefing on the space station program. You also recently named Bill Lenoir as the new Associate Administrator for the Space Station program office.

Would you please give the Committee your assessment of the space station program? What are the major technical and policy issues that still face the program? And does the program have the people -- civil servants and contractor support -- that it requires?

Answer 4:

We have turned an important corner in the Space Station Freedom Program. Our international partners are onboard, and the right development organization of NASA offices and contractors is in place. We are coming out of the requirements phase, and are into the design process.

What remains is the implementation phase of bringing Space Station Freedom to fruition. The technical challenges, while not insignificant, will not be the most difficult part of this program. Instead, the greatest challenge we face is managing the unprecedented complexity of this international program in an uncertain funding environment. Program objectives, including both schedule and utility to users, must be met while staying within reasonable cost limits.

We do need to expand our workforce, both civil service and contractor. We are taking steps to do this by releasing funding for our contractors to bring their subcontractors on board, and by adding additional NASA personnel to the program. NASA has requested from Congress the authority to transfer FY 1989 funds from R&PM to pay the salaries of the civil servants required. This will greatly improve the Space Station Freedom program's manpower situation.

Question #5

Why have you suggested a consolidation of space transportation and space station operations under Mr. Lenoir? Doesn't that create a conflict between an operational/ research program (space transportation) and a developmental program (space station)? Doesn't it also create a "super" Associate Administrator to the extent that Mr. Lenoir will control a substantial portion of the NASA budget? Won't this be detrimental to the other NASA activities -- space science and applications, aeronautics, space research and technology, space commercialization, etc.?

Answer #5:

It certainly would be detrimental to attempt to merge two large, complex programs such as Space Station Freedom and Space Shuttle, and that is not what this consolidation is all about. Over the past few years, this subject has been the topic of much discussion, and I firmly believe that many of the difficult integration issues that have previously risen to the level of the NASA Administrator, can and will be dealt with effectively if the two programs are put under the management of a single Associate Administrator. The question has never been if this consolidation should be achieved, but when. With the Shuttle flight rate quite low at the moment, I believe that this is the right time for such a move, and I fully accept the responsibility to assure that this organizational change is not detrimental to other important NASA activities.

Question 6:

Can the Space Station program ever be completed if the project is subject to annual budget debates? How would you react to the proposal that the Congress fully fund the project and tell NASA and the contractor teams to manage the program to cost and schedule? Isn't the worst thing for a major program of this nature the constant stop and go, redesign, reformulation of budgets and management plans -- the approach that we now have?

Answer 6:

For the Space Station Freedom to be built cost-effectively and on time while meeting its established objectives, a consistent funding approach is required through the development process. Experience shows that funding starts and stops can drive program costs up dramatically while postponing the benefits that make the program worth pursuing. A funding approach that identified a dependable funding profile and maintained as the program moved forward would add program stability that could allow more effective planing and resource allocation decisions. For this reason, a 3-year authorization and appropriation have been included in the Space Station Freedom FY 1990 budget request.

Question 7:

Admiral Truly, are both of these programs (Eos and Mission to Planet Earth) included in the Administration's Global Change Research Program, and when can this Committee expect to see a detailed breakdown of the proposal, the component parts, and the budget requirements?

Answer:

It is important to remember in any discussion of Mission to Planet Earth that it is a preliminary concept study not a specific (a well defined) program. Mission to Planet Earth is a NASA umbrella term for the space observation platforms, data and information system, Earth process studies, and global Earth system models which, combined, move toward the goal of understanding global change. NASA's contribution to the larger U.S. Global Change Research Program was outlined in the report, Our Changing Planet: A U.S. Strategy for Global Change Research by the interagency Committee on Earth Sciences (CES) that accompanied the President's FY 1990 budget. The CES coordinates the implementation of the U.S. Global Change Research Program.

The study of global change has been a priority within the Earth Science and Applications Division of the Office of Space Science and Applications for a number of years. The Nimbus-7 satellite, launched in 1979 to study Earth processes and still functioning in part, and the Earth Radiation Budget Satellite, launched in 1984 to measure radiation balance in the Earth's atmosphere, are just two examples of missions designed to study global change. Many of the Earth Science and Applications programs support the Mission to Planet Earth concept. In addition, several other U.S. agencies are supporting the U.S. Global Change Research Program effort.

Earth Observing System (Eos)

Eos, as currently defined, consists of three main parts: the Polar Orbiting Platforms, the Space Station Attached Payloads, and the data and information system.

Polar Platforms: Two large NASA Polar Orbiting Platforms, complemented by one or two ESA polar platforms and a Japanese platform. The first U.S. (to be launched in 1996) and ESA platforms are part of the Space Station program. Each platform will have a 5-year life, and will be serviced or replaced so that a minimum total of 15 years of Earth observations will be achieved.

Space Station Attached Payloads: Instruments to be attached to the Space Station Freedom manned base for special studies from low-inclination orbit. Many instruments are identical to those proposed for the polar platforms to obtain synergistic measurements. Candidates include: Earth Radiation Budget Experiment, Moderate Resolution Imaging Spectrometer, and Multifrequency Imaging Microwave Radiometer.

Eos Data and Information System (EosDIS): Gathers, processes, and archives the data arriving from space elements; to be accessible by world-wide scientific community. This element is perhaps the most important since it will provide access to Eos data to the scientific community.

Non-advocate reviews of the Earth Observing System are currently being held to determine the technological and programmatic readiness of the program.

Earth Probes

Earth Probes, as currently defined, is a series of small free-flying satellites for global environmental monitoring not possible on the polar orbiting platforms. The Probes would perform focused investigations to complement Eos in maintaining critical, long-term measurements.

8. What steps is NASA taking to ensure the effective utilization and dissemination of data from these spacecraft and to initiate a major data management initiative?

Data management has been a key concern in the development of the Eos concept from the beginning. A data system that provides easy, integrated, and complete access to past, present and future data must be developed. The Eos program's primary goal is long-term acquisition of data related to global environmental trends. Because of the vital importance of a large and accessible database to the Eos program, the EosDIS has equal priority in development as the polar platform or attached payload parts of the Eos program.

The EosDIS would be a data and information system which gathers, processes, and archives the data arriving from various space and ground-based measurement platforms. The information archived in the data and information system would be accessible by the entire world-wide scientific community. The information would consist of global maps of surface temperature, precipitation, soil moisture, cloudiness, radiation budget, and other global data sets.

9. What is the current standing of the U.S. space science program in the world community? And how high a priority will space science be under your leadership?

The launch of the Magellan spacecraft to Venus in May marked the beginning of the second golden age of space science in the United States. During the next five years, 36 science and applications missions are scheduled for launch--essentially the highest launch rate for science missions in the history of the space program. We will be awash in new scientific discoveries, and our leadership will not be in question. It is my full intention to preserve and continue this position of leadership well into the next century.

Question 10:

What are the major space science initiatives that you see in the near future, and will the U.S. try to enlist international participation in these missions? How reliable a partner is the U.S. in the eyes of the world space community?

Answer:

The space science program has a comprehensive strategic plane which lays out the major and moderate missions and the supporting programs that need to be undertaken during the next few years. It is my present intention to follow this plan. In the FY 1990 budget, the principal initiative is the CRAF/CASSINI mission, which is being undertaken jointly with the European Space Agency and the Federal Republic of Germany. Other candidate missions in future years include Eos which has been planned from the beginning to include international cooperation.

The international partners which are joining with NASA in these missions believe that we will be a reliable partner. However, the measure of our reliability will be our ability to fulfill our ongoing commitments, principally on Space Station Freedom, on the Ulysses missions, on the International Solar Terrestrial Program, and many other programs.

11a. Would you please give the Committee your present understanding of the status of the National Aerospace Plane (NASP) program?

Answer:

The NASP program was announced by President Reagan in the January 1986 State of the Union address. The objectives of the program were to develop and demonstrate hypersonic and single-stage-to-orbit technologies which could support a variety of future national security and commercial applications.

Until the recent FY 1990 budget revision, the NASP development program was structured in three phases. Phase I was conducted prior to the President's announcement of the program in 1986. It included preliminary technology and applications analysis which indicated that a horizontal take-off and landing, single-stage-to-orbit air-breathing vehicle might be feasible and useful. Phase II is a technology demonstration program with the goal of determining whether relevant technologies are sufficiently mature to support the development of an experimental flight vehicle (designated as the X-30). Phase II was to have been completed in September 1990. If the program continues into Phase III, the plans called for development of two identical X-30 flight vehicles. The first flight was planned to occur in FY 1995 with a single-stage-to-orbit flight planned for the end of FY 1996.

In April 1989, the Secretary of Defense, in compliance with the bipartisan budget agreement, submitted a revised DOD budget. The revised budget represents a $10 Billion reduction in FY 1990 from President Reagan's budget as well as commensurate reductions throughout the Department of Defense's Five Year Defense Plan (FYDP). In developing the revised budget, the Secretary of Defense decided to eliminate all DOD funding for NASP after FY 1990. In addition, the Secretary of Defense proposed to transfer all management responsibilities for NASP to NASA and proposed that legislation be submitted which would allow NASA to obligate up to $100 million of DOD FY 1990 funds for execution of the NASP program.

The National Space Council has undertaken a review of the U.S. policy regarding NASP. This review is ongoing and we anticipate that it will be completed in the near future.

11b. Is the Secretary of Defense likely to reverse his position and to request funding for the program?

I cannot speak for the Secretary of Defense. It is my understanding that the National Space Council will be presented with a full range of options for NASP.

11c. Could NASA unilaterally implement this program as proposed by the Secretary of Defense?

NASP is a cooperative program between the DOD and NASA. Just as in the development of previous experimental aircraft, NASP funding and program management has been shared between the two agencies with each agency bringing its separate strengths to bear on the program. The program is further a cooperative one because its potential applications cross the spectrum of national security and civil uses.

I believe it would be inappropriate for NASA to conduct the NASP program as it was previously planned alone. I do not believe that NASA could absorb the costs of an experimental vehicle in its budget. Without an experimental vehicle focus, the hypersonic and single-stage-to-orbit technology development activity in the program would be diffuse. I do not believe that such a program would be very effective or very efficient.

Question 12:

How high a priority is the NASP program to NASA, U.S. industry and the DOD?

Answer:

Again, I cannot speak for the DOD. In the context of a national program which leads to an experimental hypersonic flight vehicle, NASA has a strong technological role to play. With respect to U.S. industry, I think that private sector interest in the program has been evidenced by significant contractor investment in the program. In addition to USG funding, industry has made a substantial financial contribution to the program. U.S. aerospace industry investment to date, including substantial reinvestment of profits according to the contractors, has been approximately $550M. Prior to the FY 1990 budget revision, corporate estimates of spending through the end of Phase II would have increased this investment of approximately $750M.

Question 13:

Admiral, are you supportive of a High Speed Commercial Aircraft Initiative and to what extent is industry willing to participate in this effort?

Answer:

Yes, I am most certainly supportive of the High-Speed Research Program (HSRP), based on the projections of a potential large world market over the next several decades for a future aircraft that might be developed by the private sector. The U.S. aerospace industry is currently working directly with NASA, on a cost sharing basis, in conducting the ongoing high-speed civil transport studies. The proposed HSRP will emphasize research on the issues of aircraft emissions, noise and sonic boom. Government funds will support appropriate early environmental and technology investigations. It is understood by all parties that possible later aircraft design and production will require large investments by industry.

Question 14:

If NASA were forced to choose between funding the NASP or the High Speed Commercial Aircraft, what program would you choose and why?

Answer:

The NASP program and the High Speed Research program are two very different activities, aimed at solving very different problems, and undertaken for very different reasons. Rather than pit these two programs one against the other, I would prefer to describe the separate merits.

The High Speed Research program is developing crucial technologies associated with future cost effective and environmentally sound high speed/supersonic transports. These technologies could see their way into new commercial transports in the early 21st Century and thus could directly enhance the international competitiveness of the U.S. aerospace industry.

The NASP program, on the other hand, is not aimed at the development of technologies that will be used directly for commercial transportation. NASP program research will benefit the aeronautics state-of-the-art in materials, propulsion, avionics, aerodynamics, fuels, and numerous other areas. NASP is a high-risk and potentially high pay-off effort that has possible applications in the national security and civil space transport arenas; it also has the potential to generate technological spinoffs with broad applications throughout the aeronautics industry base as a whole.

Because of the above, and also considering foreign (European, Japanese and Soviet) research activities in both the supersonic and hypersonic areas, it is my belief that the U.S. should be pursuing programs in both of these areas.

Responses to Questions from Chairman Hollings

Question 15: Admiral Truly, is there any merit to any of the allegations contained in this Houston Chronicle story or the letter from concerned employees? Did you in any way inappropriately pressure NASA officials or the Medical Board to allow unfit astronauts to fly?

Answer 15: There is no merit in the allegation. I have never put pressure on any one to allow unfit astronauts to fly.

Questions 16 and 17: (16) Upon publication of this story, what steps did you take to make sure such pressures were not exerted by any member of the NASA team and that the medical flight requirements were being universally and fairly applied? What steps have you taken to ensure the integrity of the Flight Medicine program? (17) Admiral Truly, I want you to know that the Committee has reviewed this matter with the NASA Inspector General and that we are in agreement with his findings--no further action is warranted in this instance and the allegations are inaccurate.

Answer 16 & 17: In all of my conversations with either NASA mangers and/or medical personnel, I have insisted that all medical decisions be made in accordance with established procedures and that improper pressure never be applied. As a result of my inquiries at the time and of the investigation made by the Inspector General, I am convinced of the integrity of the flight medicine program.

Question 18: What is the nature of this joint venture, and what is the investment in question?

Answer: The 12.7 Webster Station Joint Venture is a partnership involving approximately 13 acres of land in Brazoria County, Texas. The Joint Venture was created in 1975 as an investment by several friends. My share of the Joint Venture is 10 percent.

Question 19: Do you intend to comply with the recommendation of the Office of Government Ethics, and what impact, if any, will this have on the execution of your duties and responsibilities?

Answer: Yes, I intend to comply with the recommendation of the Office of Government Ethics. I expect it will have no impact on the execution of my duties and responsibilities.

Waiver Legislation/Public Service

Admiral Truly, you are the first military officer ever to be considered for the position of Administrator of NASA. As you are well aware, the framers of the National Aeronautics and Space Act were very concerned about the character of NASA as a civil space agency. They, therefore, required that the Administrator and the Deputy Administrator be appointed by the President from civil life.

20. Admiral Truly, can a military officer run NASA without jeopardizing its "civil" character? And are you committed to the basic principles of the Space Act and to the use of space for peaceful purposes for the benefit of all mankind?

Yes, I believe a military officer (active duty or retired) could run NASA without jeopardizing the "civil character" of the agency, but I do not believe this would be a good idea for an active duty officer, simply because of the external perception. I see no problems for retired military officers to run NASA.

Yes, I am committed to the principles of the Space Act and to the use of space for peaceful purposes.

21. What role do military personnel currently play in NASA and in its contractor support teams? What conditions exist today that suggest to you we need to reassess or redefine the term "civil life" as it applies to the positions of NASA Administrator or Deputy Administrator? For example, should a military officer who has been retired 5 years or 10 years still be considered military as is the current interpretation of the legislative history?

Throughout the history of NASA, the agency has made a very good use of both active duty and retired military personnel. These people have worked both within NASA itself and on our contractor teams and have held many responsible and important jobs. With regard to the term "civil life" as it applies to the positions of NASA Administrator and Deputy Administrator, my personal belief is that this should be interpreted to exclude active duty (not retired) military officers. Retired officers, in my opinion, do come from "civilian life."

22. Admiral, what is your view of public service, and what can be done to enhance the esteem of public service and to attract our young people to careers in government?

I believe my views of public service are best described in my written statement, which expresses the view that insuring that public service can attract and retain the type of people our government needs is a most urgent national business. Correction of pay discrepancies, establishment of simple, clear ethical guidelines, and the respect of the American people are all needed

to attract our young people to careers in government.

23. What efforts will you initiate to attract new engineers and technicians into NASA to implement the challenges of the future?

I believe that NASA will continue to be able to attract new engineers and technicians into the agency as long as our programs are exciting and the disadvantages to public service, particularly in pay, are addressed forcefully. I plan to work hard toward this end.

Retirement from the Navy

Admiral Truly, the Committee understands that you do not feel it is appropriate for an active duty officer to be the Administrator of NASA. And the Committee understands that you have initiated your retirement from the Navy and that you have agreed not to be sworn in as the Administrator of NASA until you are retired from the Navy.

24. Would you please give the Committee the current status of your retirement paperwork?

My retirement orders are in process, and I have completed the appropriate paperwork as of this date. In summary, my retirement, to be effective July 1, 1989, is on track.

25. If the Committee is not able to get the Waiver Bill through the system before July 1 and to act on the nomination, is the Committee correct in assuming that you will not be able to be sworn in until August 1?

By law, retirement of regular officers is effective on the first day of given month. Therefore, if I am not retired on July 1, 1989, the next available retirement date is August 1, 1989. Should the congressional actions not be accomplished in time for an orderly retirement on July 1, 1989, I clearly would have a personal decision to make; either delay my retirement to August 1, 1989, or retire on schedule. I have not made a personal decision in this regard.

25. Is there any way the Committee can help you make your retirement effective on the day the Waiver Bill and nomination are finally approved and not require you to wait until the first of the month?

I believe the answer to this is no. As I understand it, the requirement for regular officers to retire on the first of the month is a legal requirement and, therefore, cannot be waived by the Navy without a change to the law.

The CHAIRMAN. Oh, there is the chief justice. I thought I saw him come in, but he is hiding over there. The committee is honored this morning to have the distinguished Senator of Alabama and former chief justice, Senator Howell Heflin, who will present Mr. Thompson.

Senator HEFLIN. Mr. Chairman, I believe your glasses need changing if you can't see me.

The CHAIRMAN. I saw you come in, but you keep gliding around.

STATEMENT OF HON. HOWELL HEFLIN, U.S. SENATOR FROM ALABAMA

Senator HEFLIN. I just want to thank you for the opportunity to appear before this committee in order to introduce my friend and fellow Alabamian, J.R. Thompson, to the committee on his nomination to the be Deputy Administrator of NASA. And I commend you, Mr. Chairman, for taking very speedy action on this nomination, as well as Admiral Truly's nomination, since it was just received from the administration.

As a Senator who has a deep belief in our Nation's space program, I strongly endorse this nomination and without hesitation recommend J.R. Thompson to the committee and the Senate as a whole.

President Bush has really nominated a great American hero. He took over at Marshall Space Flight Center when morale was very low following the disaster of the Challenger. And he approached the job with a can-do attitude, and he proved himself to be a bold, innovative and dynamic leader when he took over and was such a success in getting the shuttle to fly again. And he has done a great job.

I would like to take this opportunity to say that J.R. Thompson is a man of action, and I believe Admiral Truly is a man of action. And I think that is what we need in NASA today if we are going to have success in seeing that the space station is built, if we are going to see that the space station is funded and moves forward on schedule.

I sometimes look and see the rhetoric and the words that have been given, but I think it is time now from the top to the bottom for action. And I think we need action from the President. He has given words, rhetoric, in regards to his support of the space station and other space programs. But those words must be met with similar action. And there are pending in the administration, in the OMB, various activities and at this very stage that are very crucial as to whether or not the space station and the space program will move forward.

OMB sometimes quietly takes an attitude that is contrary and different to the words of the President. And it seems to me that now is the time for action on all parts to move forward to support the space program and to support the space station.

J.R. Thompson has proven himself to be a man of action, to be a man of vision, to have innovative, bold ideas. And I think that without any hesitation that the people that know his background will tell you that he will do a great job. And I strongly recommend him, and it is my pleasure now to introduce him.

President George Bush has nominated a great Alabamian and an American hero to the position of deputy administrator of NASA—J.R. Thompson. J.R. is currently serving our country as the director of NASA's Marshall Space flight Center in Huntsville, Alabama. I believe that the President made an outstanding selection. J.R. and Admiral Richard Truly, who has been selected for the administrator position, will make an outstanding duo to run our nation's space program.

Mr. Chairman, J.R. Thompson is a man of vision with the knowledge, experience and leadership ability to make that vision a reality. J.R.'s tenure as the director of Marshall Space Flight Center has proven him to be a bold, innovative and dynamic leader who has restored the "can do" attitude at Marshall to the level of the glorious days of Apollo.

Mr. Thompson took over the Marshall Center in the aftermath of the *Challenger* disaster. His one job then was to get the shuttle flying again. Marshall was the center that bore the brunt of the blame for the *Challenger* accident. Morale at Marshall was lower than ever before. J.R.'s personable, confident and dynamic management style, and his commitment to getting the job done right, has brought morale at Marshall back to an all-time high. The successful launches of the space shuttle that we have experienced since we have been flying again are greatly due to J.R.'s leadership.

One of his greatest qualities is his vision of the future. He believes in our nation's space program and the outstanding men and women of NASA, and he believes that America can and should lead the world in space research, technology and exploration. J.R. is a strong, dynamic and experienced leader who is well-liked and respected by Congress, the Administration and the media. In my judgment, this is what our nation's space program needs.

Again, Mr. Chairman, I endorse J.R. Thompson's nomination without hesitation and wholeheartedly recommend him to the committee and the Senate for confirmation.

Senator GORE. Mr. Chairman, I know J.R. Thompson as a personal friend, as well as a professional colleague. And really, I cannot say enough nice things about him.

I said earlier that we have a team at NASA now that can work really well together. And really, I think we have two people who are qualified to be the administrator of NASA. So, we have a deputy administrator coming in who can really complement the outstanding leadership of Admiral Truly. I really look forward to working with you in your new capacity, J.R. That is all I wanted to say.

The CHAIRMAN. Very good.

Mr. Thompson, we will be delighted to hear from you, sir.

Thank you very much, Senator Heflin.

The record will show that I think Senator Shelby is on the way, but we will have you yield when he appears. All right?

[The biographical sketch follows:]

ERNEST F. HOLLINGS, SOUTH CAROLINA, Chairman
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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Thompson (Last) James (First) Robert, Jr. (Other)

   Address: 5714 Tannahill Circle, SE (Current residence) DA01 (Business)

   Huntsville, AL 35802 Marshall Space Flight Center, AL 35812

2. Position to which nominated: Deputy Administrator, NASA Date of nomination: 4-12-89

3. Date of birth: March (month) 6 (day) 1936 (year) Place of birth: Greenville, South Carolin

4. Marital status: Married Full name of Spouse: Sherry Kay (Sides) Thompson

5. Names and ages of children: James Robert Thompson, III - 29
   Susan Paige Thompson Rowe - 28
   Scott Adams Thompson - 23

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Alabama	1967-1969	--	40 semester hrs toward Ph.D.
University of Florida/ (Florida Institute for Continuing Education Studies)	1961-1963	M.S.M.E.	1963
Georgia Institute of Technology	1954-1958	B.S.Ae.E.	1958
Druid Hills High School	1947-1954	HS Diploma	1954

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
9/86	Present	NASA	MSFC, AL 35812	Center Director
4/83	9/86	Princeton University	Princeton,NJ08544	Deputy, Plasma Physics Laboratory
3/86	9/86	NASA (held concurrently w/Princeton position)	Washington,DC20546	Consultant
3/82	4/83	NASA	MSFC, AL 35812	Associate Director for Engineering
9/74	3/82	NASA	MSFC, AL 35812	Manager, Main Engine Project
5/70	9/74	NASA	MSFC, AL 35812	Chief, Man/Systems Integ.,Astronautic Lab
2/66	5/70	NASA	MSFC, AL 35812	Chief, Space & Nuclear Engines Section,Astronauti Lab

(continued on Page 2.a)

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

9/86	Present	NASA	MSFC, AL 35812	Center Director
3/86	9/86	NASA	Washington,DC 20546	Consultant
3/82	4/83	NASA	MSFC, AL 35812	Associate Directo for Engineering
9/74	3/82	NASA	MSFC, AL 35812	Manager, Main Engine Project
5/70	9/74	NASA	MSFC, AL 35812	Chief, Man/Sys. Integ., Astronau- tics L
2/66	5/70	NASA	MSFC, AL 35812	Chief, Space & Nuclear Eng. Sec. Astronautics Lab

(continued on Page 2.a)

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

None

7. Employment record (continued)

From	To	Name of employer	Address	Type of Work
11/63	2/66	NASA	MSFC, AL 35812	Aerospace Technologist, P&VE Lab
4/60	11/63	Pratt-Whitney Aircraft Company	West Palm Beach Florida, 33404	Performance Analysis Eng.
6/58	4/60	US Navy	Green Cove Springs, FL32043	Lt.
1954	1958	YMCA	Atlanta, GA	Camp Counselor

8. Government Experience (continued)

11/63	2/66	NASA	MSFC, AL 35812	Aerospace Technologist, P&VE Lab
6/58	4/60	US Navy	Green Cove Springs, FL32043	Lt.

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

American Institute of Astronautics & Aeronautics - Associate Fellow

Princeton Plasma Physics Laboratory - Member, Advisory Council (terminated 4/89

Sigma Nu/Georgia Tech - Commander, 9/57-6/58

Sigma Xi/Georgia Tech

(continued) - 3.a.

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1970 - NASA Invention Award

1973 - NASA Exceptional Service Medal: Skylab Program

1973 - Director's Commendation (highest internal award of the MSFC) Marshall Space Flight Center

1981 - NASA Distinguished Service Medal: Development of Space Shuttle Main Engine

1982 - Meritorious Senior Government Executive. Rank awarded by the President of the United States

1987 - Meritorious Senior Government Executive. Rank awarded for the second time by the President

1988 - NASA Distinguished Public Service Medal

(continued) - 3.a

12. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

Papers presented jointly w/Dominic J. Sanchini:

Space Shuttle Main Engine Development and Testing, American Astronautical Society, 1975, Anaheim, CA

Space Shuttle Main Engine Status, 14th Space Congress Sponsored by the Canaveral Council of Technical Societies, April 1977, Cocoa Beach, F

Space Shuttle Main Engine Development, American Astronautical Society, 1979, Anaheim, CA

Space Shuttle Main Engine Status, 17th Space Congress sponsored by Canaveral Council of Technical Societies, May 1980, Cocoa Beach, FL

(continued) - 3.a

3.a.

10. Memberships (continued)

The following memberships are/were held in my capacity as Director, Marshall Space Flight Center, NASA

Member, Board of Governors, National Space Club

Member, Friends Committee, University of Alabama College of Engineering (terminated 5/88)

Member, Presidential Search Committee, University of Alabama/Huntsville (terminated 6/88)

Member, Industrial Council on Engineering Education, State of Alabama

Member, Community Leadership Program, Chamber of Commerce, Huntsville, AL

Ex-Officio Director on Board of Huntsville-Madison County Council for International Visitors

Chairman, Exhibits Committee of the Alabama Science Exhibit Commission, Alabama Space and Rocket Center

11. Honors and Awards (continued)

1988 - Distinguished Service Award, Huntsville, Alabama Chamber of Commerce

1988 - NASA Distinguished Service Medal

1988 - Honorary Doctor's Degree, University of Alabama/ Huntsville

1988 - First Dr. Wernher von Braun Forum Trophy presented by National Space Club/Huntsville

1989 - Dr. Robert H. Goddard Memorial Trophy awarded by the National Space Club to the Shuttle Return to Flight Team: Aaron Cohen, Jerry Hlass, LtGen Forrest McCartney, James R. Thompson, Jr., and RADM Richard H. Truly

1970 - 1989 - Repeated Outstanding Performance Awards for contributions to the National Space Program while associated with the Marshall Space Flight Center

12. Published Writings (continued)
Papers presented jointly w/Dominic Sanchini (continued)

Space Shuttle Main Engine Status, AIAA/SAE Symposium, June 1980, Hartford, CT

Other Publications:
J-2 Experimental Engineering Program (J-2X), J.R. Thompson, Jr., MSFC, Research Achievement Review, Volume 2, 1967, Report X67-1509

Chemical Propulsion Research at MSFC, J.R. Thompson, Jr., et al., MSFC, Research Achievement Review, Volume 2, 1968, Report N69-1805

STATEMENT OF JAMES ROBERT THOMPSON, JR.

Mr. THOMPSON. I will always yield to the Senator.

Thank you very much, Mr. Chairman, and distinguished members of the committee. It is, indeed, a real pleasure for me to appear before you this morning as President Bush's nominee to be NASA's Deputy Administrator, and I am particularly pleased that my wife Sherry from Huntsville could join me here this morning.

Let me just state at the outset that I am very proud to have been nominated to this position and look forward very much to working with Dick Truly in leading our Nation's civil space program. And frankly, I agree with Senator Garn's statement earlier that the President could not have picked a better man. And I believe that that comment reflects the opinion of all of us in NASA.

I think, perhaps as you know, I have worked now with NASA some 22 years plus coming up through the ranks, so to speak. I have been very fortunate, indeed, fortunate enough to have been involved very heavily in the Apollo program, Skylab, which I might mention which was our first space station, the space shuttle, and a very wide range of other science and engineering payloads. And I frankly have seen firsthand what America's men and women can do when we give them the proper focus and the proper challenge.

I believe that I know NASA. I have also seen the down side, and that is when we try to do too much with too little.

NASA's programs always get the headlines, but I think that NASA is much more than our projects and our launches. It is much more than our shuttles, our aeronautics programs, our space station, our Hubble space telescope, or aerospace plane. Make no mistake about it. This is what turns us in NASA on and frankly makes us tick. But it is also our people and our facilities that I think need the support that has been indicated by Dick earlier that have been neglected far too long.

But I think in a broader sense, NASA is the American spirit. It is an expression of our will to explore and to take measured risk. In summary, it is the future, the future to create technology, to maintain a competitive edge in a worldwide economy, to monitor our environment from space and to stimulate education of America's youth. I believe that NASA represents the very best in America.

And I am looking forward to working with Dick Truly, serving President Bush and working with this Congress as we approach the 21st century, and that is keeping America first in aeronautics and first in space.

Mr. Chairman and distinguished Members of the Committee: It is a pleasure for me to appear before you today as President Bush's nominee to be NASA's Deputy Administrator. I look forward to working with Dick Truly and the rest of the NASA team to direct the nation's civil space program.

I have had a very rewarding career with NASA, especially these past three years as I have been privileged to be a part of the NASA return to flight effort. They key to the formula for this effort was the dedication and determination of the workers, the resources necessary to build and test the hardware and the patience to conduct the program on a safe, reasonable schedule. That same formula for

success will be followed to keep the U.S. first in aeronautics and first in space.

In the 22 years that I have been working for NASA, I have seen what American men and women can accomplish when given a challenge and then the resources required to explore, to evolve new technology, to stimulate education, and thus build a stronger America. I have also seen the downside, when we try to do too much with too little. I know NASA, our strengths and weaknesses, and believe that working with Dick Truly, we will continue to build a NASA that we can all be proud of and will lead America into the 21st century.

NASA's focus, indeed essence, will continue to be the programs—Aeronautics, Space Science, Pathfinder, Earth Observing System, Space Station Freedom, and those on the drawing board that will lead to further exploration of the Universe. To keep NASA a healthy institution, capable of accomplishing these programs, we must:

Collectively, look for ways to enhance our civil service workforce through appropriate pay and benefits, a more responsible personnel system and better working conditions;

Modernize and maintain the buildings and facilities at the NASA field installations. These assets represent a national resource with a replacement value of approximately $14 billion;

Establish opportunities and encourage America's private sector to participate with us; and

Actively pursue international agreements where we have common interests.

This country has come too far to now lose our leadership in technology, our competitive edge in a worldwide economy, and our will to explore and take measured risks. We can do better. I look forward to serving President Bush, working with the Congress, and providing leadership in NASA as we chart America's future in Aeronautics and Space.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions you may have.

The CHAIRMAN. Let's yield for the moment now to hear our distinguished colleague, the Senator from Alabama, Senator Shelby. We appreciate your appearance and would be delighted to hear from you at this time.

STATEMENT OF HON. RICHARD C. SHELBY, U.S. SENATOR FROM ALABAMA

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Chairman, I wanted to come by just for a few minutes and take your valuable time to endorse what Senator Heflin has already said and other people have said about Mr. Thompson.

We will miss him in Huntsville, Alabama. You know his background thoroughly. You have been involved in the space program. I think that Mr. Thompson did as much as any one person to restore a lot of the confidence in the space program. He is a propulsion expert, as the Chairman knows. He brings broad experience, knowledge of NASA, knowledge of the space program in general. Although we are going to miss him in Huntsville, Alabama, I be-

lieve he will be revisiting us. He will be before the committee. He has tremendous integrity, ability, and I recommend him wholeheartedly to this committee, Mr. Chairman.

The CHAIRMAN. Do you think he is going to move at all from Houston to Huntsville? Is that what you are saying?

Senator SHELBY. Well, I tell you what. I believe that he will be visiting a lot of places, also Goddard here and Houston, the Orlando area. He will be moving around as he has, Mr. Chairman.

Senator LOTT. Yellow Creek.

Senator SHELBY. Yellow Creek.

In deference to the Senator from Mississippi, Senator Lott, I believe that he will be over at Yellow Creek. I won't tell all the story, but I remember when I called J. R. in Huntsville one day and I asked him about Yellow Creek's prospects. And he unequivocally said he thought they were excellent. It was an excellent location. And I know the Senator from Mississippi knew that. That is why he is here today.

The CHAIRMAN. Of course, we have Senator Bentsen who is right down here watching. You just can't see him.

Senator SHELBY. Absolutely. If he is not watching, he will be watching.

But the main thing, we are all in this together, Houston, Florida, Mississippi, Alabama, Maryland. We all do a lot.

But, Mr. Chairman, I appreciate your letting me come in like this, and I recommend him wholeheartedly.

The CHAIRMAN. We thank you very, very much for your strong statement, and we appreciate it too.

Mr. Thompson, I also endorse you, Listening to you over the years, you and Dick Truly both are the two that reestablished my confidence in the whole space program, as we went through the trying days of the Challenger disaster. And I found out both of you had the confidence of the National Aeronautics and Space Administration and the people on the ground, the astronauts themselves and, more than anything else, had the best interest of the country at heart. And it is that with that feeling that I welcome you.

I really do not have any questions other than perhaps the priorities. Now that you know the down side—I was interested in hearing you say that—what about the centers? What priorities do you have and how can we improve upon the capabilities of the centers as you see it?

Mr. THOMPSON. Well, I would first of all embrace the comments of Dick. I think the morale at our centers is very high. I think it is very important that we give a workload to the centers that they can handle, and that is the resources that go with the challenges, like keeping the shuttle flying again, the space station, the earth observing system work.

And we also very much need to address the people side of the issue. It is not just pay. I think the ethics issue that was discussed very correctly this morning is right on.

A lot of people in NASA, if not all, really have NASA in their blood, and it is when they get this tug with their families and the financial side that they do leave. We have to be concerned about that. We have lost some very key people. I am very encouraged that we have outstanding men and women to take their place. We

do not have any trouble hiring in NASA today. It is not because of the money because, frankly, it is a little low, but it is because of the challenge. And that is what they are looking for. But once they get up in their career, then it does present different tugs, and it is an issue that both Dick and I need to work the administration and the Congress to try to see what we can do.

The CHAIRMAN. Be specific. What about Senator Gorton's question? Why are you losing people, if at all?

Mr. THOMPSON. Well, on the high end, I think industry represents are some of our very best. And quite frankly, we cannot compete. We can offer them the challenge. We can offer them the projects. They can have their hands on the steering wheel in NASA. But at some point, they get more competitive than we can afford, and frankly I know it hurts every one of them to leave. And they drag their feet doing it, but finally it is a decision that they make.

The CHAIRMAN. Senator Lott?

Senator LOTT. Thank you, Mr. Chairman.

I just want to say, Mr. Thompson, how proud I am that you have been selected for this position. You have a tremendous background from your college days right on through all your experience with NASA. You are eminently qualified. I am really excited about having the two of you working with NASA and am looking forward to working with you.

I am sorry you all are going to have to move from Huntsville, but maybe some day we can get you to return to Mississippi and it will all be balanced out then.

But we are looking forward to working with you. You have a lot of work to do, and we have tied you up long enough. So, let's get at it. Good luck.

Mr. THOMPSON. Thank you very much, Senator.

The CHAIRMAN. Well, very good.

Two things. The committee would note with appreciation the fact that you and Admiral Truly came and presented your wives. That doesn't usually happen with us. I call mine American Express. I don't leave home without her.

So, it impressed me.

And more than anything else, you were born in Greenville, South Carolina. I apologize for not introducing you down there, but I will make amends for that. Don't worry about it.

I also have a few questions that I would ask you to answer for the record Mr. Thompson.

Thank you very, very much, you and Admiral Truly and Ms. Truly and Ms. Thompson both. We appreciate it.

The committee will be in recess. We will handle these nominations next Tuesday's executive session.

[Whereupon, at 10:43 a.m., the committee was adjourned.]

[The following information was subsequently received for the record:]

Responses to written questions submitted by Chrm. Hollings.

Job Responsibilities

In the past, there have been some great one-two punches at NASA. For example, the team of Webb and Lower are often referenced for their effectiveness. You and Admiral Truly have worked together very closely, and the Committee is impressed with oyour efforts to date in the Space Shuttle program. Now, we need to know if you can do the same thing for NASA that you did for space flight.

Question 1: Mr. Thompson, what will be your responsibilities at NASA Headquarters as Deputy Administrator, and will these areas be clearly defined? Will you be Mr. Inside and Adm. Truly, Mr. Outside?

Answer 1: I anticipate that I will be focused more on NASA's internal programs and projects, but I also have a keen interest in the NASA institutions as well. I also enjoy dealing with the Congress and other external entities and will do so as appropriate.

Question 2: As Deputy Administrator, what will your highest priorities be, and what is your view of the principal challenges facing NASA and the civil space program?

Answer 2: My highest priority is to assure that NASA has a well balanced program in the sense that we have the resources to do well with the programs that are approved. A principal challenge facing NASA will be to get the Space Station off on the right foot and to do everything necessary to see that the schedule of the Space Station is adhered to. Another challenge is to assure that we maintain a strong aeronautics program.

NASA Centers

As a NASA Center Director, you are intimately involved with a key ingredient of NASA's success -- the Centers and their staff.

Question 3: If you were king for a day, what steps would you take to enhance the capabilities of the NASA Centers? For example, should Centers of Excellence be established where each Center has a specific expertise and oversight responsibility for certain technologies and research activities? What is your reaction to the suggestion that some of the existing NASA Centers should be "contracted out" along the lines of the Jet Propulsion Laboratory Model?

Answer 3: I would work with the Administration and the Congress to take the necessary steps so that we can retain our most talented people and to rebuild and properly maintain the large number of the NASA facilities that have deteriorated over the past twenty five years.

By and large I believe all our centers are centers of excellence, focusing on technology, operations, propulsion, earth science, and of course, the launch infrastructure. But I expect to review the overall Center roles to determine if any refinement is necessary.

My general inclination is that the present arrangements are satisfactory; as I stated earlier, however, I would like to work with the Congress to correct any institutional problems we have now, good personnel, facility maintenance, etc.

Question 4: What is the overall health of the NASA Centers, and is there more interaction between the Centers, their staff, and directors than there was at the time of the Challenger tragedy?

Answer 4: I think the overall health of the Centers is good. We must, however, address the personnel issue, which has the potential to affect morale. Generally speaking, the NASA Centers are very healthy, communication is open, more open, I believe, than in the last 20 years.

Space Station

The Marshall Space Center is involved with the Space Station program and is the lead Center for Work Package 1 which includes the development of the laboratory and habitation modules for the program.

Question 5: Mr. Thompson, as a Center Director who is involved with the Space Station program on a day-to-day basis, what is your assessment of the status of this program? Are we positioned to move out efficiently and effectively and to complete this program on schedule and within cost, or are we still debating fundamental technical and policy matters and understaffed and underfunding to the point where the program is threatened?

Answer 5: The overall Space Station program is in pretty good shape. The early design work is now complete, and we are rapidly moving into the hardware phase - we need resources committed to fund the program in a timely manner.

Answer 5: There is room for streamlining and minor modifications are needed. We can complete the Space Station as we have advertised only if we get the proper resources in a timely manner now.

Question 6: What recommendations do you have concerning the Space Station program, the proposed design, the current management scheme, etc.?

Answer 6: We have settled on the design and there are no critical problems. However, FY 1990 will be a critical year. We have a very tight budget and we will need every penny.

Question 7: What role will you play in the space station program as the Deputy Administrator of NASA?

Answer 7: I will provide oversight, with the Administrator, for the Space Station and all of NASA's ongoing programs. I will expect to be quite active. I think that Bill Lenoir is a real asset to the program and I look forward to working closely with him.

Question 8: How well has the MSFC worked with the Space Station Integration Office in Reston? What is your assessment of the support contracts for the space station program -- the Technical Management and Information Systems, Program Support, and Software Support Environment Contractors -- and is NASA getting a good return on its investment in these contracts?

Answer 8: I believe MSFC and the Space Station Integration Office have worked very well together. At this time, I am satisfied that the Station support contracts are working satisfactorily.

Space Shuttle Systems

Mr. Thompson, as the Center Director for the MSFC, you have been intimately involved with the return to flight of the Space Shuttle program, especially the solid rocket motors and the main engines.

Question 9: What is your assessment of these elements of the Space Shuttle program, and what additional steps are required to ensure the safety and reliability of these elements of the Space Shuttle?

Answer 9: The solid rocket motor and the Space Shuttle Main Engine (SSME) involve the highest risk in space flight; we need to continue the ground testing to make sure that we correctly understand our design margins.

Question 10: Does the FY 1990 NASA budget provide the resources -- people and budgetary -- required to upgrade these systems and to maintain the safety and reliability of the space shuttle?

Answer 10: Yes, however, the fiscal year 1990 budget request before Congress now is very tight. Any reduction to that budget will give me cause for concern.

Question 11: What additional tests are scheduled for each of these systems, and will a sustained, on-going test program be implemented?

Answer 11: There are a wide range of tests planned for the SSME; there are ongoing tests during the next several years to bring into the program advances being developed by Pratt and Whitney. With respect to the solid rocket motor plan, we are augmenting the program with major changes and a rigorous ground test program.

Space Transportation

Mr. Thompson, you have spent the greater part of your career in the space transportation business. Therefore, the Committee would like to draw on your expertise in this area.

Question 12: Mr. Thompson, with the return to flight of the space shuttle, the successful deployment of the Titan IV on Wednesday, would you say that the U.S. is back in space to stay and that we have a resilient and reliable space transportation system?

Answer 12: I believe that we have a resilient array of launch vehicles today, but I would anticipate that we will have some additional problems, and I think we will need to plan for failures as well as successes. We will examine the need for additional hardware in our inventory.

Question 13: What should we be doing to enhance our space transportation system, and are we making the necessary investment in future space transportation systems to be competitive in the marketplace of tomorrow?

Answer 13: We have been working with the DOD on the Advanced Launch System and we have been working internally on the Shuttle-C. The decision as to whether either of these programs will proceed will be based on our mission requirements.

Question 14: In your opinion does NASA need a heavy lift launch capability? Manned or unmanned? Would either Shuttle C or an Advanced Launch System meet those needs?

Answer 14: In my opinion the country should pursue the technology necessary to build an unmanned heavy lift launch vehicle. The Shuttle-C and the Advanced Launch System are potential candidates depending upon mission requirements.

Question 15: When does NASA need to start development of a follow-on shuttle? And would the demise of the NASP program be a significant blow to those efforts?

Answer 15: I believe that the Shuttle, as we know it today, will serve our manned transportation needs for the next decade or two. I would rather concentrate on the improvement of our current system, and look at a new system at the turn of the century.

I think that the NASP is very critical to assuring that the U.S. maintains an edge in critical aeronautics and space technologies. I am personally very much in favor of continuing that work on an experimental aircraft level.

Space Commercialization

There has been much talk and many policy proclamations about space commercialization over the last eight years.

Question 16: In your opinion, where is space commercialization going, and how high a priority is space commercialization in NASA?

Answer 16: I believe that commercialization and privatization, in their many different forms, have a very important role to play in our civil space program. I am very interested in these activities, and will assure that NASA supports a strong program to the Congress.

Question 17: Is the problem that the federal government is standing in the way of space commercialization, or is the problem that the federal government is not inclined to be a partner with U.S. firms to same extent that foreign governments are partners with their space firms?

Answer 17: I believe that the government role is to help these industries to get started by providing the results of our research and generic technology, by providing access to government space infrastructure, and by being a reliable customer. We should not subsidize them.

Question 18: What initiatives would you suggest to the Committee in the area of space commercialization?

Answer 18: I need to assess where NASA is today before I would recommend any initiatives, but I expect within a year to have completed that assessment and have an agressive but reasonable program to discuss with you.